



# **CITY OF WEST DES MOINES, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2004**

Prepared by:  
Department of Administrative Services

## **MISSION**

Our mission is to serve the people of West Des Moines honestly and effectively. Through a variety of services, we strive to provide the quality of life desired by the community.

## **COMMITMENT**

The members of our City organization insist that services are provided with the highest level of respect, responsiveness and honesty to the people of West Des Moines.

## **VALUE**

We, the employees of the City of West Des Moines, through TEAMWORK and COOPERATION, are COMMITTED to provide the highest QUALITY OF SERVICE with HONESTY and INTEGRITY to the community we serve.

We take pride in providing EFFECTIVE, DEPENDABLE services while striving to achieve EXCELLENCE through VISION and INNOVATION.

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December 9, 2004

The Honorable Mayor, Members of the City Council,  
and Citizens of the City of West Des Moines, Iowa:

The Comprehensive Annual Financial Report (CAFR) of the City of West Des Moines, Iowa (the "City") for the fiscal year ended June 30, 2004 is submitted herewith in accordance with the provisions of Chapter 11 of the Code of Iowa. We believe this information is accurate in all material respects and presented in a manner designed to fairly present the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of West Des Moines. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of West Des Moines' financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of West Des Moines' financial statements have been audited by McGladrey & Pullen, LLP a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of West Des Moines for the fiscal year ended June 30, 2004, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of West Des Moines' financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report, which includes the standards and criteria used in performing the audit, is presented as the first component of the financial section of this report. In addition, the auditor's report on internal accounting controls and compliance with applicable laws and regulations is included in the internal control and compliance section of this report.

In 1999, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34, which the City implemented in the fiscal year ended June 30, 2003, as required. The new requirements significantly changed governmental financial reporting in order to provide financial statements similar to those presented by private-sector businesses, while also retaining traditional fund accounting statements. These changes included the addition of a new document called Management's Discussion and Analysis (MD&A), which immediately follows the Independent Auditor's Report in the financial section of this CAFR. The MD&A provides a narrative overview and analysis of the financial activities of the City, including a description of the financial statements presented in this report and an explanation of government-wide versus fund financial statements.

The CAFR is presented in four basic sections: Introduction, Financial, Statistical, and Internal Control and Compliance. The Introduction includes this transmittal letter, a listing of City officials, and an organizational chart. The Financial Section includes the report of the independent auditor, management's discussion and analysis, basic financial statements and notes thereto, combining statements for non-major funds, and other supplementary financial information. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The final section of the report contains the independent auditor's report on the City's internal controls and compliance with applicable laws and regulations.

## **City of West Des Moines Profile**

West Des Moines is a suburb of the state's capital, incorporated in 1893. It is centrally located in the State of Iowa and currently occupies approximately 37 square miles. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. As one of the top growth areas in the state, the City has experienced significant increases in population, with the 1980 census reporting 21,894 residents, the 1990 census reporting 31,702 residents, and the 2000 census reporting 46,403 residents. The City of West Des Moines currently serves a population of approximately 52,786 and is expected to serve an estimated 53,000 residents by the spring of 2005 at which time a special census is planned.

Policy-making and legislative authority in the City of West Des Moines are vested in a governing council (i.e. City Council) consisting of the Mayor and five Council Members. The Mayor and Council Members serve four-year staggered terms, with elections held every two years, to provide for continuity. Three Council Members are elected by ward, with the Mayor and the two remaining Council Members elected at large. The City Council makes policy decisions for the City through the enactment of ordinances and resolutions. The Council is also responsible for adopting the budget, appointing committees, and hiring the City Manager, City Attorney and appointing the City Clerk, among other things.

As the chief administrative officer for the City, the City Manager is responsible for implementing policy decisions of the City Council, overseeing the day-to-day operations of the City, and hiring department directors. City departments include: Administrative Services, Community Development, Emergency Medical Services, Fire, Human Services, Library, Parks & Recreation, Police, and Public Works. By state statute, a separate Board of Trustees actually administers the operations of the Public Library; however, the library receives its budget appropriation from the City Council and routinely follows the general operating policies and procedures implemented by the City.

The West Des Moines, Waukee, and Des Moines Independent Community School Districts provide public elementary and secondary education services within the City. Public water services are provided by the West Des Moines Water Works. These entities have the ability to issue debt, which is not an obligation of the City of West Des Moines. Therefore, the financial statements of these entities have not been included in this report.

The annual budget serves as the foundation for the City's financial planning and control. In the fall of each year, all departments are required to submit requests for appropriation in the upcoming year. Using these requests and revenue projections provided by the Administrative Services Department, the City Manager prepares a proposed budget. This proposed budget is presented to the Mayor and Council for discussion during budget workshops held in January. The Council is then required to hold a public hearing on the proposed budget and adopt a final budget by March 15<sup>th</sup>. The state mandates legal spending control at the function level. These functions consist of Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Capital Projects, and Debt Service.

## **Local Economy**

West Des Moines is the 10<sup>th</sup> largest city in the state but ranks 6<sup>th</sup> in terms of retail sales, and 4<sup>th</sup> in terms of property valuations. The City of West Des Moines continues to lead the state in building permit valuations and has already issued over \$353,000,000 in building permits for the 2004 calendar year, a new record.

Portions of the Jordan Creek Town Center, an upscale entertainment complex, opened in West Des Moines in August of 2004. This 200-acre development is the largest commercial development in Iowa's history. To the south of that site, in a largely undeveloped area of the City, construction began this spring on a corporate campus which has guaranteed a minimum assessed valuation of \$118,000,000. These developments have spurred additional growth in the western portion of the City and will continue to do so for at least the next several years.

The City expects this growth trend to continue as a result of a desirable central Iowa location, attractive high-end residential and commercial developments, and the City of West Des Moines' commitment to providing the infrastructure necessary to promote development. In addition, the City offers many quality of life amenities including a comprehensive parks system with over 1,200 acres of park land and open space, approximately 34.8 miles of recreational trails, and two new aquatic facilities.

## **Major Initiatives and Accomplishments**

The City continues to be proactive in collaborating with other local jurisdictions, one of the strategic goals of the City. During this past year the City entered into a number of information technology projects including: a cooperative agreement with the West Des Moines Community School District connecting City and District facilities with high speed communications fiber; and, offering computer support services to the West Des Moines Water Works and the City of Waukee, whereby the positions funded through those agreements result in more timely Help Desk support for all three entities.

We completed the first year of an agreement with the City of Clive to provide animal control services to that community enabling both entities to enhance animal control coverage and services. Other collaborative ventures continued, including our joint dispatch center with two other suburban cities and the agreement with Dallas County for West Des Moines' Emergency Medical Services Department to provide administrative and billing functions for that county's ambulance service.

To keep our citizens better informed, the first issue of the West Des Moines Magazine was mailed in August of 2003. This publication combined all of the City's external newsletters and program guides into one high quality document. The City also began providing public information programming on the local cable television channel.

Renovations were completed on that portion of the library building vacated in December of 2002 when City Hall offices moved to their new facility. This resulted in an approximate 30% increase in available library space. The library is now able to offer increased patron computer access, a teen area, small rooms for study groups, and a coffee shop.

The City of West Des Moines was selected as the 2003 co-recipient of the Iowa Chapter of the American Planning Association Outstanding Planning Award. The award was given for the Jordan Creek Town Center Overlay District Guidelines which were recognized as a unique and progressive approach to development in this fast growing area of the community. The guidelines provide for an integrated mixed use of this high-profile area and will help create a regional destination.

In anticipation of service related issues at the Jordan Creek Town Center and rapidly expanding development in the area, the Police Department added a fifth patrol territory.

To better enforce civil codes and infractions, the City's code enforcement officer was moved to the Police Department thereby improving several quality of life issues for residents of the community.

The Youth Justice Initiative (YJI) program received the "Above and Beyond" Recognition Program Award from the Governor of Iowa. This program provides services for those juveniles who are entering the criminal justice system for the first time or who have committed more novice offenses and show promise of leaving the pathway into delinquency with appropriate intervention.

Both Moody's Investor Services and Standard & Poor's reviewed the City's credit worthiness and financial capacity. Their ratings of AA+ and AA1, respectively, place West Des Moines in a class with the strongest and highest quality communities in the United States.

An innovative new customer service feature was added to the City's website. In addition to registering for Park and Recreation classes on-line and accessing the on-line library catalog, a new On-line Service Desk was added which allows citizens to submit issues or requests for service via the website at any time of day or night. Police accident reports are also now available on-line. All of these on-line options were implemented as part of the City's strategy to enhance service delivery and simplify customer processes.

In April 2004, West Des Moines opened its first "off-leash" dog park to rave reviews. In the first week alone, nearly 270 permits to use the facility were sold.

## **Financial Information**

**Cash Management and Investments:** The intention of cash management is to limit the amount of funds placed in accounts where low or no interest is paid; therefore, cash balances and cash transactions are monitored on a daily basis. Idle cash is invested in the Iowa Public Agency Investment Trust (IPAIT), or for longer terms, the City generally invests in certificates of deposit, government obligations, or occasionally in certain highly rated commercial paper. With the current low market interest rates, the City of West Des Moines has no investments with a maturity greater than one year. More information on the City's investments and related policies can be found in Note 2 of the Notes to Financial Statements which follows the basic financial statements in the financial section of this report.

**Debt Administration:** The City of West Des Moines continues to maintain an "AA1" rating from Standard & Poor's and an "AA+" rating from Moody's Investors Services for general obligation debt. This is the second highest rating given by both rating agencies. The City's sewer revenue bonds were last rated in March of 2002 and received an "Aa3" rating from Moody's.



The ratio of net bonded debt to assessed valuation and the amount of net bonded debt per capita represent indicators of the City's financial position, as used by financial analysts, citizens and investors. At June 30, 2004, the City of West Des Moines had net governmental activities G. O. Debt of \$142,060,366 or approximately a 0.0374 to 1 ratio to assessed value. The net bonded debt per capita on June 30, 2004 was \$3,061.45. Much more information regarding the specifics of the City's indebtedness is provided in Note 4 of the Notes to Financial Statements and in the MD&A portion of this report.

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Des Moines for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This is the eleventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated February 17, 2004. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

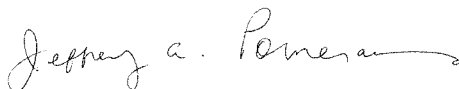
In May 2002, the City of West Des Moines revised its investment policy and submitted it to the Municipal Treasurers' Association of the United States and Canada (MTA US & C) for consideration in their Investment Policy Certification Program. Upon review of that submission, the City was presented with the Association's Written Investment Policy Certification.

## Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the staff of the Administrative Services Department. We would like to express our appreciation to all members of the department who assisted with the audit and preparation of this report, and specifically to Accounting Manager Sheila Schmitt.

We would like to extend our sincere appreciation to the Mayor and Members of the City Council for their interest and support of our efforts conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Jeffrey A. Pomeranz  
City Manager



Jody E. Smith  
Director of Administrative Service

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Des Moines,  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emon*

Executive Director

**City of West Des Moines, Iowa**

**Elected and Appointed Officials  
June 30, 2004**

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**Elected Officials**

Term Expires

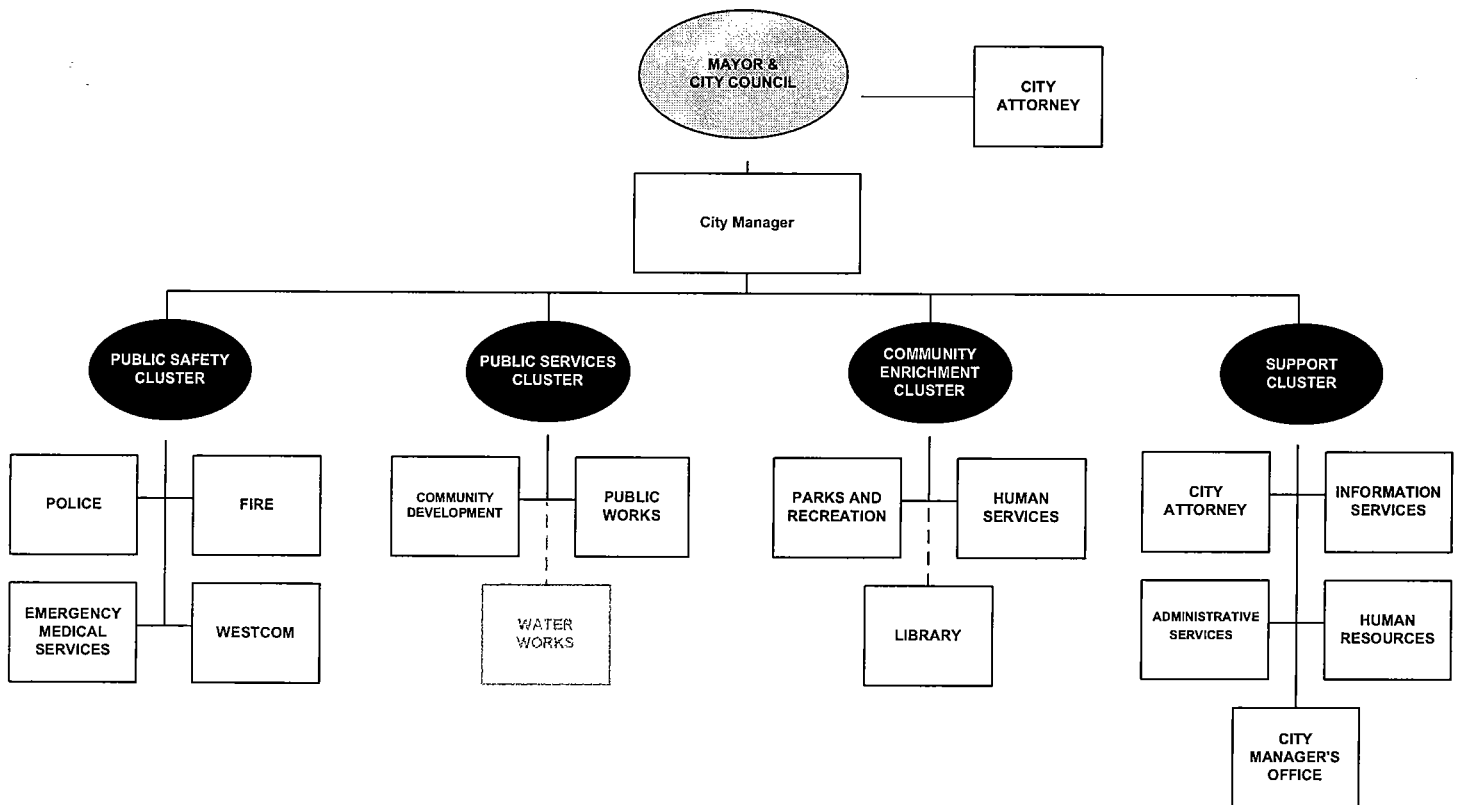
Eugene T. Meyer	Mayor	January 2006
Robert Parks	Council Member	January 2006
Brad Olson	Council Member	January 2008
Loretta J. Sieman	Council Member	January 2006
Jim Sandager	Council Member	January 2008
Ted Ohmart	Council Member	January 2006

**Appointed Officials**

Jeffrey A. Pomeranz	City Manager
Jody E. Smith	Director of Administrative Services/City Clerk
Richard J. Scieszinski	City Attorney

City of West Des Moines, Iowa

Organizational Chart  
June 30, 2004



Last Revised:  
12/14/04

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of West Des Moines, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa as of June 30, 2004, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, the City of West Des Moines, Iowa restated governmental activities net assets to record a municipal building constructed in prior years.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The Management's Discussion and Analysis on pages 3 through 15 and budgetary comparison information and modified approach information on pages 57 through 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of West Des Moines, Iowa's basic financial statements. The combining nonmajor fund financial statements and other statements, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
October 28, 2004

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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As management of the City of West Des Moines, Iowa, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of West Des Moines for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is located in the Introductory Section at the front of this report.

#### Financial Highlights

- The assets of the City of West Des Moines exceeded liabilities at the close of the fiscal year ending June 30, 2004 by \$315,544,963 (net assets). Of this amount, \$51,319,112 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ending June 30, 2003, assets exceeded liabilities by \$283,602,085. Of this amount, \$56,757,757 was unrestricted.
- The City's total net assets increased by \$27,211,204 during the fiscal year ended June 30, 2004. Governmental activities increased \$24,264,684 and business-type activities increased \$2,946,520. For fiscal year ended June 30, 2003, total net assets increased \$14,295,470. Governmental activities increased \$11,284,362 and business-type activities increased \$3,011,108.
- As of the close of the current fiscal year, the City of West Des Moines' governmental funds reported combined ending fund balances of \$77,825,271, an increase of \$5,173,677 in comparison with the prior year. Approximately 54 percent of this total amount, \$41,785,303, is unreserved fund balance which is available for spending at the City's discretion. As of the close of the fiscal year June 30, 2003, governmental funds reported combined ending fund balances of \$72,651,594, of which \$42,009,981 or 58 percent is unreserved.
- At the end of the current fiscal year, the City's unreserved fund balance for the General Fund was \$8,090,498, or 27.1 percent of total General Fund expenditures. These funds will be needed to meet expenditures during the next four months, at which time the City will receive the next semi-annual property tax revenue. The unreserved fund balance for the General Fund as of June 30, 2003 was \$8,497,469 or 29.7 percent of total General Fund expenditures.
- The City of West Des Moines' total debt increased by \$29,317,641 (20 percent) during the current fiscal year. The key factor in this increase was the issuance of \$19,250,000 in general obligation bonds to accelerate the construction of infrastructure in the newly annexed southwest portion of the City as part of a development agreement with Wells Fargo Home Mortgage whereby they will construct a corporate campus with a minimum assessed value of \$118,000,000 and bring new jobs to the community; as well as spur additional growth in this largely undeveloped portion of the City. The balance is comprised of the net of refunded bonds, bonds paid in full, and an additional \$12,000,000 in general obligation bonds issued for construction of infrastructure in other portions of the City. Total debt for the fiscal year June 30, 2003, increased by \$46,373,070 or 51 percent.

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of West Des Moines' basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the City of West Des Moines' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public works (roads, storm water, traffic controls and transit), health and social services, culture and recreation, community and economic development, general government, and interest on long-term debt. The business-type activities of the City include the sanitary sewer and solid waste operations.

The government-wide financial statements include only the City of West Des Moines (known as the *primary government*). The West Des Moines Community School District, the Waukee Community School District, and the West Des Moines Waterworks provide services to the citizens of West Des Moines but do not meet the established criteria to be component units of the City, and thus, are not included in this report.

The government-wide financial statements can be found on pages 16 through 19 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of West Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements, and is typically the basis used in developing the next annual budget.



## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City of West Des Moines maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Tax Increment Financing Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation under the column heading "Non-major Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City presents budgetary information as allowed by GASB Statement No. 41. The City adopts an annual appropriated budget for the activity of all funds except agency funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions, not by fund or fund type.

The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the sanitary sewer system and solid waste activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of West Des Moines utilizes four internal service funds to account for its vehicle replacement, vehicle maintenance, building maintenance, and health and dental insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer major fund and the non-major fund - solid waste operations. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 through 31 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of West Des Moines' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 32 of this report.

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also provides certain *required supplementary information* concerning the City of West Des Moines' infrastructure condition and maintenance records as the City has used the "modified approach" for reporting much of its infrastructure. This approach to recording infrastructure is explained on page 11 of this MD&A. Required supplementary information can be found on pages 61 through 63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on infrastructure. Combining and individual fund statements and schedules can be found on pages 64 through 73 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the City of West Des Moines, assets exceeded liabilities by \$315,544,963 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (75.9 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements other than buildings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

#### City of West Des Moines' Net Assets (in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Assets</b>						
Current and other assets	\$ 137,767	\$ 124,407	\$ 39,981	\$ 42,345	\$ 177,748	\$ 166,752
Capital assets net of depreciation	317,308	262,152	50,001	46,881	367,309	309,033
Total assets	455,075	386,559	89,982	89,226	545,057	475,785
<b>Liabilities</b>						
Current liabilities	63,243	54,763	1,920	3,360	65,163	58,123
Long-term liabilities outstanding	157,409	126,370	6,940	7,690	164,349	134,060
Total liabilities	220,652	181,133	8,860	11,050	229,512	192,183
<b>Net Assets</b>						
Invested in capital assets, net of related debt	197,873	125,624	41,713	36,351	239,586	161,975
Restricted assets	23,552	63,169	1,088	1,700	24,640	64,869
Unrestricted assets	12,998	16,633	38,321	40,125	51,319	56,758
Total net assets	\$ 234,423	\$ 205,426	\$ 81,122	\$ 78,176	\$ 315,545	\$ 283,602

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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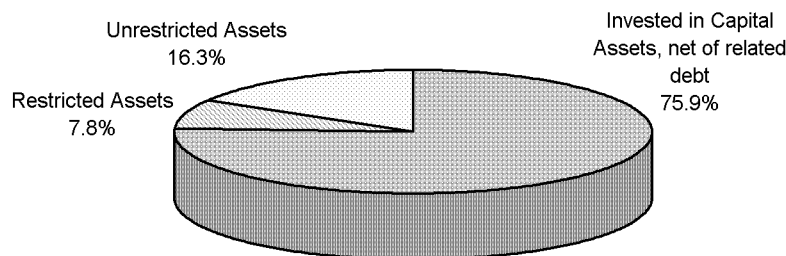
An additional portion of the City's net assets (7.8 percent or \$24,640,493) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (16.3 percent or \$51,319,112) may be used to meet the City's ongoing obligations to citizens and creditors.

West Des Moines' business-type activities had a decrease of \$611,280 in restricted net assets. This decrease resulted from the removal of restrictions on certain assets associated with revenue bonds that were refunded.

The decrease in unrestricted net assets City-wide (\$5,438,645) and the decrease in restricted assets reported in governmental activities (\$39,617,138) is largely the result of the City's significant commitment to providing infrastructure within the rapidly expanding community. The City's investment in capital assets, net of related debt, increased by \$77,609,941 or 47.9 percent during the fiscal year.

At the end of the current fiscal year, the City of West Des Moines is able to report positive balances in all three categories of net assets, both the government as a whole, as well as for its separate governmental and business-type activities. This was also the case in the prior fiscal year.

#### Net Assets as of June 30, 2004



**Governmental activities:** Governmental activities increased the City's net assets by \$24,264,684, as shown on the chart that follows. The 11.8 percent increase in net assets of governmental activities is primarily a result of the increased development activity within the City.

Revenue from Charges for Services increased as a result of:

- An increase in the number of building permits issued as well as a significant increase in the property valuation for which those permits were issued (see Table 14 in Statistical Section of this report). Building permit, construction inspection, and development related revenue increased by more than \$581,000.

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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- A new city ordinance that went into effect which: 1) required all companies installing alarms in the City to be licensed; 2) each time an alarm is installed the companies are responsible for ensuring that the business or residence registers the alarm with the City; 3) those companies providing alarm monitoring services must collect a nominal monthly fee from their customer to help cover the City's cost in responding to those alarms; and 4) false alarm fees and fines for non-compliance were significantly increased. This resulted in additional revenue of \$47,050.
- Traffic and Court Fine revenue increased by \$70,000 after the City began issuing tickets for motor vehicle related violations under a city ordinance rather than state statute. This change allowed the City to retain a larger portion of the ticket proceeds.
- Construction and remodeling of two aquatic centers in the past one and one-half years, as well as the opening of the City's first "off-leash" dog park, contributed to an increase in revenue for recreational services of approximately \$170,000.
- A change in state legislation that enabled the City to increase the average parking ticket fine from \$5 to \$15, and a review of the fees charged for numerous City services also generated additional revenue.

The majority of the \$7,500,000 increase in Capital Grants and Contributions is attributed to the building and development boom experienced by the suburb. Approximately \$1,600,000 of this amount was received from private and public sources for expanding fiber communication and the construction of various amenities including recreational trails and parks. The balance results from infrastructure that was constructed, privately, by developers and turned over to the City of future maintenance.

Property tax collections primarily increased as a result of the growth in property valuations within the City. As shown in the Statistical Section of this report, taxable property values increased by more than 10 percent over the prior year.

Finally, with a large amount of infrastructure constructed this past year, as well as right-of-way acquisition, a higher than normal portion of the costs incurred in the Public Works function were capitalized, resulting in a decrease in expenditures for this function.

City of West Des Moines, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2004

City of West Des Moines' Changes in Net Assets  
(in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 4,791	\$ 2,809	\$ 6,899	\$ 6,283	\$ 11,690	\$ 9,092
Operating grants and contributions	2,175	2,453	-	-	2,175	2,453
Capital grants and contributions	20,802	13,286	893	1,035	21,695	14,321
General revenues:						
Property taxes	38,402	37,730	-	-	38,402	37,730
Road Use tax	4,281	3,763	-	-	4,281	3,763
Other taxes	2,369	2,020	-	-	2,369	2,020
Earnings on investments	1,083	820	218	703	1,301	1,523
Loss from joint venture	-	-	(641)	(522)	(641)	(522)
Other	704	758	284	-	988	758
Total revenues	74,607	63,639	7,653	7,499	82,260	71,138
Expenses:						
General government	4,683	3,781	-	-	4,683	3,781
Public safety	14,588	12,686	-	-	14,588	12,686
Public works	13,856	20,844	-	-	13,856	20,844
Health and social services	830	755	-	-	830	755
Culture and recreation	7,141	6,926	-	-	7,141	6,926
Community and economic development	2,960	3,401	-	-	2,960	3,401
Interest on long-term debt	6,284	3,962	-	-	6,284	3,962
Sanitary sewer	-	-	3,389	3,305	3,389	3,305
Solid waste	-	-	1,318	1,183	1,318	1,183
Total expenses	50,342	52,355	4,707	4,488	55,049	56,843
Change in net assets	24,265	11,284	2,946	3,011	27,211	14,295
Net assets, beginning of year	210,158	194,142	78,176	75,165	288,334	269,307
Net assets, end of year	\$ 234,423	\$ 205,426	\$ 81,122	\$ 78,176	\$ 315,545	\$ 283,602

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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**Business-type activities:** Business-type activities increased the City's net assets by \$2,946,520. The majority of the 3.8 percent increase represents the degree to which growth in the number of sanitary system users and revenues generated outpaced the fixed and incremental operating costs of the system. There was also a \$350,000 increase in the collection of one-time sanitary sewer capital charges. These charges are collected as part of the building permit process which issued a record number of permits during the fiscal year.

#### **Financial Analysis of the Government's Fund Financial Statements**

As noted earlier, the City of West Des Moines uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The financial reporting focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balances* serve as a useful measure of a government's net resources available at the end of the fiscal year.

The City's governmental funds reported combined fund balances of \$77,825,271 as of June 30, 2004. This was an increase of \$5,173,677, or 7.2 percent, over the prior year. Of this total amount, \$41,785,303 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$29,215,017), 2) to fund various debt service payments (\$6,803,146), and 3) to fund employee retirement commitments (\$21,805).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$8,090,498, while total fund balance reached \$8,165,857. As a measure of the General Fund's liquidity, it is generally useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 27.1 percent of total General Fund expenditures, while total fund balance represents 27.3 percent of that same amount. These funds will be needed as working capital during the initial months of the new fiscal year as property tax revenue is only collected semi-annually, in September and March.

The fund balance for the City of West Des Moines' General Fund decreased by \$422,876 during the current fiscal year. Key factors in this decline are as follows:

- A conscious decision by City policy-makers to reduce the City's cash reserve to the 25 percent needed to cover expenditures between July 1 and the first semi-annual property tax receipt on/about October 10<sup>th</sup> of each year.
- As a result of legislation passed by the state legislature, the City did not receive an estimated \$500,000 in municipal assistance from the State of Iowa that was received in prior years.

The Debt Service Fund had a fund balance of \$6,803,146, all of which is reserved for the payment of debt service (i.e. payment of general obligation principal and interest).

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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The tax increment financing fund had a total fund balance of \$10,888,201, all of which is unreserved. The increase in this fund of \$5,140,471 reflects the growth in property tax valuation in these urban renewal areas as a result of the City's investment in infrastructure. This infrastructure was primarily financed with general obligation bonds as the bond market offered a lower rate of interest for general obligation debt as opposed to issuing bonds backed only by anticipated incremental property tax revenue. Funds will be transferred from the tax increment financing fund to cover the debt payments for these general obligation bonds as the debt payments become due.

The capital project fund had a total fund balance of \$46,107,641, of which \$29,139,658 is restricted for the liquidation of construction contracts that were entered into during the prior period. The decrease in fund balance during the current fiscal year of \$1,993,891, or 4.1 percent, reflects the completion of construction contracts for which the bond proceeds (i.e. proceeds from long-term debt) were received in the prior fiscal year.

**Proprietary Funds.** The City of West Des Moines' proprietary funds provide the same type of information found in the government-wide financial statements, except in more detail.

Total net assets of the Sanitary Sewer Fund at the end of the year amounted to \$80,786,057. This is comprised of: \$41,712,779 invested in capital assets, net of related debt; \$1,088,720 restricted for debt service; and \$37,984,558 in unrestricted net assets. Total net assets of the Solid Waste Fund at the end of the current year were \$340,801, all of which was unrestricted. The Solid Waste Fund does not have any investment in capital assets as this service was out-sourced to a private contractor in November of 2000.

### Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type.

During the year, budget amendments were primarily due to changes in breadth and timing of capital improvement projects as well as changes necessitated by the loss of state revenue. The budgetary comparison schedules on pages 57 through 60 provide more information.

### Capital Assets and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounts to \$367,308,249 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings (e.g. recreation trails, athletic fields, parking lots), vehicles and equipment, and infrastructure (e.g. roads, bridges, sanitary sewer lines). The total increase in the City of West Des Moines' capital assets for the current fiscal year was 17.1 percent.

# City of West Des Moines, Iowa

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

The City of West Des Moines has elected the option to use the *modified approach* for reporting infrastructure within the governmental activities, as allowed by GASB Statement No. 34. Under the modified approach eligible infrastructure is not required to be depreciated if the following requirements have been met:

- The government must have an up-to-date inventory of the assets of those networks or subsystems.
- The government must perform or obtain condition assessments of those assets and summarize the results using a measurement scale. It is essential that such condition assessment be replicable (i.e., conducted using methods that would allow different measurers to reach substantially similar results).
- The government must make an annual estimate of the amount needed to maintain and preserve those assets at a condition level established and disclosed by the government.
- The government must document that infrastructure assets are being preserved at or above the condition level established and disclosed by the government.

The City already had an inventory management system and was performing condition assessments as part of its on-going efforts to maintain and preserve the quality and useful life of these governmental infrastructure assets. Under the modified approach, the City records the actual maintenance and preservation costs incurred during the period as expense, rather than capitalizing the preservation costs and estimating the amount of depreciation expense to record. Only improvements and additions that increase the capacity or efficiency of the infrastructure network are capitalized under this approach. All other costs are expensed in the period incurred.

The *required supplemental information* that must be presented by government's electing this approach appears on pages 61 through 63 of this report.

The City has *not* elected to use the modified approach for reporting the infrastructure of business-type activities, as the City has not yet completed the necessary condition assessments required for the use of the modified approach. Therefore, depreciation expense has been recognized for the sanitary sewer infrastructure capital assets.

### Capital Assets, Net of Applicable Depreciation (in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 19,956	\$ 6,144	\$ 257	\$ -	\$ 20,213	\$ 6,144
Buildings	33,675	27,109	-	-	33,675	27,109
Improvements other than buildings	28,526	22,133	-	-	28,526	22,133
Vehicles and equipment	16,320	15,882	-	-	16,320	15,882
Construction-in-progress	26,079	22,669	4,361	1,431	30,440	24,100
Share of undivided equity interest assets	993	1,000	-	-	993	1,000
Infrastructure, depreciable	-	-	63,763	62,564	63,763	62,564
Infrastructure, non-depreciable	218,474	190,291	-	-	218,474	190,291
Accumulated depreciation	(26,716)	(23,076)	(18,380)	(17,114)	(45,096)	(40,190)
Total capital assets	\$ 317,307	\$ 262,152	\$ 50,001	\$ 46,881	\$ 367,308	\$ 309,033



## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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Major capital asset events during the current fiscal year included the following:

- Construction began or continued on the following street projects with construction-in-progress totals as shown:
  - S. 74<sup>th</sup> Street between Ashworth Road and Mills Civic Parkway \$9,743,060
  - S. 74<sup>th</sup> Street between Mills Civic Parkway and Grand Avenue \$1,724,327
  - Railroad Avenue widening and reconstruction \$2,740,456
  - 50<sup>th</sup> Street between Ashworth Road and E.P. True Parkway \$789,539
  - 68<sup>th</sup> Street between Mills Civic and E.P. True Parkways \$2,778,730
  - Mills Civic Parkway between I-35 and 60<sup>th</sup> Street \$3,911,233
- Construction began or continued on the following sanitary sewer projects with construction-in-progress totals as shown:
  - Grand Avenue Sanitary Sewer from S. 60<sup>th</sup> to S. 74<sup>th</sup> Streets \$1,068,063
  - S. 74<sup>th</sup> Sanitary Sewer from Grand Avenue to Mills Civic Parkway \$670,949
  - Town Center / West Sanitary Sewer \$1,818,523
  - South Area Trunk Sewer / Walnut Woods \$552,623
- Needed right-of-way and land were acquired for the following projects, as shown:
  - Railroad Avenue \$636,063
  - 50<sup>th</sup> Street \$400,102
  - 60<sup>th</sup> Street \$256,364
  - E.P. True Parkway \$2,570,868
  - Mills Civic Parkway \$271,155
  - 74<sup>th</sup> Street \$2,563,092
  - S. 35<sup>th</sup> Trunk Sewer \$226,227

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

- Construction continued on the fiber communications project. Construction-in-progress totals \$1,729,821.
- Planning and design began for an anticipated Public Safety facility at the future intersection of South 81<sup>st</sup> Street and Mills Civic Parkway.
- Construction was completed on the Holiday Park Aquatic Facility at an approximate total cost of \$3,760,000.
- Land and improvements for various municipal parks totaled \$1,889,490 during the fiscal year. This included completing the construction of a handicap accessible fishing pier at Raccoon River Park.

Additional information concerning the City's capital assets can be found in Note 1 and Note 3 of the *Notes To Financial Statements* on pages 38 – 39 and 42 – 43, respectively.

**Long-term debt.** At the close of the fiscal year ended June 30, 2004, the City had total bonded debt outstanding of \$171,153,998. Of this amount, \$149,474,998 comprises debt backed by the full faith and credit of the government and the remaining \$21,679,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Table of Outstanding Debt  
General Obligation and Revenue Bonds**

	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ <b>148,863,512</b>	\$ 117,419,257	\$ <b>611,486</b>	\$ 1,783,686	\$ <b>149,474,998</b>	\$ 119,202,943
Revenue bonds	<b>16,295,000</b>	17,990,000	<b>5,384,000</b>	5,955,000	<b>21,679,000</b>	23,945,000
Total	<u><b>\$ 165,158,512</b></u>	<u>\$ 135,409,257</u>	<u><b>\$ 5,995,486</b></u>	<u>\$ 7,738,686</u>	<u><b>\$ 171,153,998</b></u>	<u>\$ 143,147,943</u>

The City's total bonded debt increased by \$28,006,055 (19.6 percent) during the current fiscal year. The key factors in this increase were:

- Issuance of \$12,000,000 in general obligation bonds. \$6,950,000 to be used for construction and equipping Valley View and Holiday Park aquatic facilities, and \$5,050,000 for various park, storm water, public safety, and street improvement projects.
- Issuance of \$19,250,000 in general obligation bonds for the design and construction of infrastructure and other public improvements in the Mills Parkway Urban Renewal Plan. By issuing general obligation bonds rather than tax increment financing revenue bonds the City will realize a significant savings in interest costs over the life of this project.
- Issuance of \$6,000,000 in general obligation bonds for various capital improvement projects.

## **City of West Des Moines, Iowa**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004**

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The City also issued \$5,445,000 in general obligation bonds to refinance some of its existing debt and take advantage of favorable interest rates.

The City of West Des Moines maintains an "Aa1" rating from Standard & Poor's and an "AA+" rating from Moody's Investors Service for general obligation debt. This is the second highest rating given by both rating agencies.

State statutes limit the amount of general obligation debt an Iowa city may issue to 5 percent of the actual assessed value of all taxable property in the City of West Des Moines. The current debt limitation for the City is \$207,991,349. With outstanding general obligation debt of \$149,474,998 and other debt subject to the limitation of \$16,971,326, the City had utilized 80 percent of the debt limit as of June 30, 2004.

Additional information on the City's long-term debt can be found in Note 4 on pages 44 through 49 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The City of West Des Moines expects growth in taxable property valuations to continue over the next several years based on the significant value of building permits issued this past year, the record number of building permits issued for the new fiscal year as of the date of this document, and plans that have been submitted to the Community Development Department for the approval of both new commercial and residential developments in the recently annexed western and southern portions of the City. However, through approximately 2009, a significant portion of this incremental value has been committed to the repayment of general obligation bonds. This debt was issued to provide municipal services, including construction of infrastructure, in this rapidly expanding area.

The State legislature again announced funding cuts which will result in a loss of state-shared revenue of approximately \$200,000.

As a result, the City of West Des Moines has continued to budget conservatively for the fiscal year ended June 30, 2005. This budget includes an approximate one percent property tax increase, or ten cents per one thousand dollars of taxable property value, for a property tax rate of \$11.725 per one thousand dollars of taxable valuation.

### ***Requests for Information***

This financial report is designed to provide a general overview of the City of West Des Moines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Department of Administrative Services at 4200 Mills Civic Parkway, Suite 2B or by mail to the City of West Des Moines, Department of Administrative Services, PO Box 65320, West Des Moines, Iowa 50265-0320.

City of West Des Moines, Iowa

Statement of Net Assets  
June 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 93,428,165	\$ 12,553,627	\$ 105,981,792
Receivables:			
Property taxes	40,155,052	-	40,155,052
Accounts and unbilled usage	348,341	1,509,433	1,857,774
Loans	285,496	-	285,496
Accrued interest	255,758	79,368	335,126
Special assessments	1,328,320	378,458	1,706,778
Internal balances	(149,121)	149,121	-
Due from other governments	1,254,223	-	1,254,223
Due from joint venture	-	540,313	540,313
Inventories	33,590	-	33,590
<b>Total current assets</b>	<b>136,939,824</b>	<b>15,210,320</b>	<b>152,150,144</b>
Noncurrent assets:			
Restricted cash and investments	-	1,088,720	1,088,720
Investment in joint venture	-	23,653,301	23,653,301
Bond issuance costs	759,615	28,894	788,509
Bond discounts	67,741	-	67,741
	<b>827,356</b>	<b>24,770,915</b>	<b>25,598,271</b>
Capital assets:			
Nondepreciable:			
Land	19,956,038	256,952	20,212,990
Infrastructure	218,473,792	-	218,473,792
Construction-in-progress	26,079,506	4,360,971	30,440,477
Depreciable:			
Buildings	33,675,275	-	33,675,275
Equipment and vehicles	16,319,922	-	16,319,922
Improvements other than buildings	28,526,240	-	28,526,240
Share of undivided equity interest assets	992,669	-	992,669
Sanitary sewer system	-	63,763,404	63,763,404
Accumulated depreciation	(26,716,055)	(18,380,465)	(45,096,520)
<b>Net capital assets</b>	<b>317,307,387</b>	<b>50,000,862</b>	<b>367,308,249</b>
<b>Total noncurrent assets</b>	<b>318,134,743</b>	<b>74,771,777</b>	<b>392,906,520</b>
<b>Total assets</b>	<b>\$ 455,074,567</b>	<b>\$ 89,982,097</b>	<b>\$ 545,056,664</b>

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current:			
Accounts payable	\$ 8,755,777	\$ 103,656	\$ 8,859,433
Claims payable	294,283	-	294,283
Accrued wages payable	574,314	3,822	578,136
Interest payable	556,116	25,653	581,769
Deferred revenue	41,285,564	378,458	41,664,022
Compensated absences	2,196,571	28,099	2,224,670
General obligation bonds payable	7,638,514	611,486	8,250,000
Tax increment financing bonds	1,770,000	-	1,770,000
Capital lease payable	47,512	-	47,512
Loan payable	53,234	-	53,234
Installment contracts	71,329	-	71,329
Revenue bonds payable	-	582,000	582,000
Financing agreements payable	-	186,961	186,961
<b>Total current liabilities</b>	<b>63,243,214</b>	<b>1,920,135</b>	<b>65,163,349</b>
Noncurrent:			
Compensated absences	619,546	3,060	622,606
General obligation bonds payable	141,224,998	-	141,224,998
Tax increment financing bonds	14,525,000	-	14,525,000
Capital lease payable	157,466	-	157,466
Loan payable	106,467	-	106,467
Installment contracts	285,318	-	285,318
Revenue bonds payable	-	4,802,000	4,802,000
Financing agreements payable	-	2,115,545	2,115,545
Bond premiums	489,967	18,985	508,952
<b>Total noncurrent liabilities</b>	<b>157,408,762</b>	<b>6,939,590</b>	<b>164,348,352</b>
<b>Total liabilities</b>	<b>220,651,976</b>	<b>8,859,725</b>	<b>229,511,701</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	197,872,579	41,712,779	239,585,358
Restricted for:			
Debt service	6,803,146	1,088,720	7,891,866
Employees' retirement system	21,805	-	21,805
Purpose restricted by legislation	16,726,822	-	16,726,822
Unrestricted	12,998,239	38,320,873	51,319,112
<b>Total net assets</b>	<b>234,422,591</b>	<b>81,122,372</b>	<b>315,544,963</b>
<b>Total liabilities and net assets</b>	<b>\$ 455,074,567</b>	<b>\$ 89,982,097</b>	<b>\$ 545,056,664</b>

City of West Des Moines, Iowa

Statement of Activities  
For the Year Ended June 30, 2004

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	\$ 14,587,854	\$ 2,284,751	\$ 1,641,945	\$ 1,159,704
Public works	13,856,235	190,300	12,598	19,302,018
Health and social services	829,841	890	211,233	-
Culture and recreation	7,140,816	1,091,036	89,727	204,765
Community and economic development	2,959,958	722,701	73,944	-
General government	4,682,828	501,177	145,996	135,186
Interest on long-term debt	6,284,431	-	-	-
<b>Total governmental activities</b>	<b>50,341,963</b>	<b>4,790,855</b>	<b>2,175,443</b>	<b>20,801,673</b>
Business-type activities:				
Sewer system	4,030,245	5,575,443	-	893,084
Solid waste system	1,318,339	1,324,048	-	-
<b>Total business-type activities</b>	<b>5,348,584</b>	<b>6,899,491</b>	<b>-</b>	<b>893,084</b>
<b>Total primary government</b>	<b>\$ 55,690,547</b>	<b>\$ 11,690,346</b>	<b>\$ 2,175,443</b>	<b>\$ 21,694,757</b>

**General Revenues**

Taxes:

Property taxes

Franchise tax

Other City taxes

Hotel Motel tax

Road use tax

Grants not restricted to specific programs

Investment earnings

Miscellaneous

Gain on sale of capital assets

Transfers

**Total general revenues and transfers**

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (9,501,454)	\$ -	\$ (9,501,454)
5,648,681	-	5,648,681
(617,718)	-	(617,718)
(5,755,288)	-	(5,755,288)
(2,163,313)	-	(2,163,313)
(3,900,469)	-	(3,900,469)
(6,284,431)	-	(6,284,431)
(22,573,992)	-	(22,573,992)
-	2,438,282	2,438,282
-	5,709	5,709
-	2,443,991	2,443,991
(22,573,992)	2,443,991	(20,130,001)
38,401,617	-	38,401,617
313,435	-	313,435
627,593	-	627,593
1,427,883	-	1,427,883
4,281,282	-	4,281,282
230,831	-	230,831
1,082,954	217,866	1,300,820
620,830	-	620,830
136,914	-	136,914
(284,663)	284,663	-
46,838,676	502,529	47,341,205
24,264,684	2,946,520	27,211,204
210,157,907	78,175,852	288,333,759
\$ 234,422,591	\$ 81,122,372	\$ 315,544,963

City of West Des Moines, Iowa

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2004**

<b>Assets</b>	General	Tax Increment Financing	Debt Service
Cash and investments	\$ 8,748,063	\$ 10,853,568	\$ 6,585,283
Receivables:			
Property taxes	22,136,419	9,257,559	6,108,563
Accounts	170,774	-	-
Special assessments	-	-	-
Loans	-	-	-
Accrued interest	27,005	-	195,814
Due from other funds	279,352	-	-
Due from other governments	578,583	-	-
<b>Total assets</b>	<b>\$ 31,940,196</b>	<b>\$ 20,111,127</b>	<b>\$ 12,889,660</b>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 710,048	\$ -	\$ -
Accrued wages payable	573,115	-	-
Due to other funds	-	-	-
Deferred revenue	22,491,176	9,222,926	6,086,514
<b>Total liabilities</b>	<b>23,774,339</b>	<b>9,222,926</b>	<b>6,086,514</b>
<b>Fund Equity:</b>			
Fund balances:			
Reserved for debt service	-	-	6,803,146
Reserved for encumbrances	75,359	-	-
Reserved employees' retirement	-	-	-
Unreserved, undesignated, reported in:			
General Fund	8,090,498	-	-
Special revenue funds	-	10,888,201	-
Capital projects funds	-	-	-
<b>Total fund equity</b>	<b>8,165,857</b>	<b>10,888,201</b>	<b>6,803,146</b>
<b>Total liabilities and fund equity</b>	<b>\$ 31,940,196</b>	<b>\$ 20,111,127</b>	<b>\$ 12,889,660</b>

See Notes to Basic Financial Statements.



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Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 53,887,274	\$ 5,498,187	\$ 85,572,375
-	2,652,511	40,155,052
173,931	951	345,656
1,328,320	-	1,328,320
-	285,496	285,496
-	-	222,819
-	-	279,352
-	656,552	1,235,135
<u>\$ 55,389,525</u>	<u>\$ 9,093,697</u>	<u>\$ 129,424,205</u>

\$ 7,857,594	\$ 72,477	\$ 8,640,119
-	1,199	574,314
153,607	229,999	383,606
1,270,683	2,929,596	42,000,895
<u>9,281,884</u>	<u>3,233,271</u>	<u>51,598,934</u>

-	-	6,803,146
29,139,658	-	29,215,017
-	21,805	21,805
-	-	8,090,498
-	5,838,621	16,726,822
16,967,983	-	16,967,983
<u>46,107,641</u>	<u>5,860,426</u>	<u>77,825,271</u>
<u>\$ 55,389,525</u>	<u>\$ 9,093,697</u>	<u>\$ 129,424,205</u>

**City of West Des Moines, Iowa**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2004**

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Total governmental fund balances		\$	77,825,271
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Land	\$	19,956,038	
Construction-in-progress		26,079,506	
Buildings		33,675,275	
Equipment and vehicles		7,049,702	
Improvements other than buildings		28,526,240	
Share of undivided equity interest assets		992,669	
Infrastructure		218,473,792	
Accumulated depreciation		(21,101,469)	313,651,753
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds			715,331
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:			
Capital assets		9,270,220	
Accumulated depreciation		(5,614,586)	
Other current assets		7,944,092	
Internal balances		(49,353)	
Other current liabilities		(409,941)	11,140,432
Internal service funds allocated to business-type activities			4,486
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Compensated absences		(2,816,117)	
Accrued interest payable		(556,116)	
General obligation bonds payable		(148,863,512)	
Tax increment financing (TIF) bonds		(16,295,000)	
Capital lease obligations		(204,978)	
Loan payable		(159,701)	
Installment contracts		(356,647)	
Bond issuance costs		759,615	
Bond discounts		67,741	
Bond premiums		(489,967)	(168,914,682)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>234,422,591</b>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2004**

	General	Tax Increment Financing	Debt Service
Revenues:			
Property taxes	\$ 18,847,792	\$ 11,674,926	\$ 5,765,609
Other City taxes	2,243,107	-	118,994
Special assessments	-	-	-
Licenses and permits	1,072,584	-	-
Intergovernmental	2,337,100	-	-
Charges for services	2,292,260	-	-
Use of money and property	250,552	24,364	703,350
Miscellaneous	709,541	-	-
<b>Total revenues</b>	<b>27,752,936</b>	<b>11,699,290</b>	<b>6,587,953</b>
Expenditures:			
Current operating:			
Public safety	11,708,622	-	-
Public works	5,481,733	-	-
Health and social services	638,051	-	-
Culture and recreation	4,573,727	-	-
Community and economic development	2,848,437	-	-
General government	3,715,580	-	-
Debt service:			
Principal	64,164	1,695,000	9,637,049
Interest and other charges	11,998	730,715	5,381,461
Bond issuance costs	-	-	-
Capital outlay	833,518	-	-
<b>Total expenditures</b>	<b>29,875,830</b>	<b>2,425,715</b>	<b>15,018,510</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,122,894)</b>	<b>9,273,575</b>	<b>(8,430,557)</b>
Other financing sources (uses):			
Issuance of general obligation bonds	-	-	-
Premiums on general obligation bonds	-	-	13,912
Discounts on general obligation bonds	-	-	-
Transfers in	4,883,849	-	12,550,315
Transfers out	(3,224,932)	(4,133,104)	(2,049,913)
Proceeds from sale of capital assets	41,101	-	-
<b>Total other financing sources (uses)</b>	<b>1,700,018</b>	<b>(4,133,104)</b>	<b>10,514,314</b>
<b>Net changes in fund balances</b>	<b>(422,876)</b>	<b>5,140,471</b>	<b>2,083,757</b>
Fund balances, beginning of year	8,588,733	5,747,730	4,719,389
Fund balances, end of year	\$ 8,165,857	\$ 10,888,201	\$ 6,803,146

See Notes to Basic Financial Statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,113,290	\$ 38,401,617
-	51,308	2,413,409
225,112	-	225,112
-	-	1,072,584
1,639,465	4,385,646	8,362,211
-	-	2,292,260
-	9,619	987,885
46,038	398,899	1,154,478
1,910,615	6,958,762	54,909,556
-	1,012,041	12,720,663
-	580,501	6,062,234
-	131,933	769,984
-	69,125	4,642,852
-	44,327	2,892,764
-	-	3,715,580
279,852	53,234	11,729,299
15,392	-	6,139,566
400,441	-	400,441
41,176,942	72,909	42,083,369
41,872,627	1,964,070	91,156,752
(39,962,012)	4,994,692	(36,247,196)
41,559,249	-	41,559,249
7,570	-	21,482
(71,885)	-	(71,885)
46,590,445	327,042	64,351,651
(50,197,258)	(4,955,518)	(64,560,725)
80,000	-	121,101
37,968,121	(4,628,476)	41,420,873
(1,993,891)	366,216	5,173,677
48,101,532	5,494,210	72,651,594
\$ 46,107,641	\$ 5,860,426	\$ 77,825,271

# City of West Des Moines, Iowa

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2004

Net change in fund balances - governmental funds	\$ 5,173,677
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:	
Capital outlay	34,700,386
Depreciation	(3,366,912)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net assets:	
Capital contributions	19,127,018
Loss on the sale of capital assets	(121,671)
Proceeds from sale of capital assets	(121,101)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Other City taxes, change in deferred	(44,498)
Loans receivable	285,496
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, change in compensated absences	
	(1,691,974)
The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:	
Repayment of bond principal	11,729,299
Interest	(86,229)
Bond issuance costs	400,441
Proceeds from bond issuance	(41,559,249)
Amortization of bond issuance costs, discounts, and premium	(58,636)
Premiums	(21,482)
Discounts	71,885
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.	
	(156,252)
Change in internal service fund allocation to business-type activities	4,486
<b>Change in net assets of governmental activities</b>	<b>\$ 24,264,684</b>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa

Statement of Net Assets  
Proprietary Funds  
June 30, 2004

	Sewer System	Nonmajor Enterprise Fund - Solid Waste	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 12,417,236	\$ 136,391	\$ 12,553,627	\$ 7,855,790
Receivables:				
Accounts and unbilled usage	1,187,234	322,199	1,509,433	2,685
Accrued interest	79,368	-	79,368	32,939
Special assessments	378,458	-	378,458	-
Due from other funds	153,607	-	153,607	-
Due from other governments	-	-	-	19,088
Due from joint venture	540,313	-	540,313	-
Inventories	-	-	-	33,590
<b>Total current assets</b>	<b>14,756,216</b>	<b>458,590</b>	<b>15,214,806</b>	<b>7,944,092</b>
Noncurrent assets:				
Restricted cash and investments	1,088,720	-	1,088,720	-
Investments in joint venture	23,653,301	-	23,653,301	-
Bond issuance costs	28,894	-	28,894	-
Capital assets:				
Nondepreciable:				
Land	256,952	-	256,952	-
Construction-in-progress	4,360,971	-	4,360,971	-
Depreciable:				
Equipment and vehicles	-	-	-	9,270,220
Sanitary sewer system	63,763,404	-	63,763,404	-
Accumulated depreciation	(18,380,465)	-	(18,380,465)	(5,614,586)
<b>Net capital assets</b>	<b>50,000,862</b>	<b>-</b>	<b>50,000,862</b>	<b>3,655,634</b>
<b>Total noncurrent assets</b>	<b>74,771,777</b>	<b>-</b>	<b>74,771,777</b>	<b>3,655,634</b>
<b>Total assets</b>	<b>\$ 89,527,993</b>	<b>\$ 458,590</b>	<b>\$ 89,986,583</b>	<b>\$ 11,599,726</b>

See Notes to Basic Financial Statements.

	Sewer System	Nonmajor Enterprise Fund - Solid Waste	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>Liabilities and Net Assets</b>				
Liabilities:				
Current:				
Accounts payable	\$ 1,310	\$ 102,346	\$ 103,656	\$ 115,658
Claims payable	-	-	-	294,283
Compensated absences	16,482	11,617	28,099	-
Accrued wages payable	2,546	1,276	3,822	-
Due to other funds	-	-	-	49,353
Deferred revenue	378,458	-	378,458	-
Interest payable	25,653	-	25,653	-
Revenue bonds payable	582,000	-	582,000	-
General obligation bonds payable	611,486	-	611,486	-
Financing agreements payable	186,961	-	186,961	-
<b>Total current liabilities</b>	<b>1,804,896</b>	<b>115,239</b>	<b>1,920,135</b>	<b>459,294</b>
Noncurrent:				
Compensated absences	510	2,550	3,060	-
Bond premiums	18,985	-	18,985	-
Revenue bonds, net of current maturities	4,802,000	-	4,802,000	-
Financing agreements payable, net of current maturities	2,115,545	-	2,115,545	-
<b>Total noncurrent liabilities</b>	<b>6,937,040</b>	<b>2,550</b>	<b>6,939,590</b>	<b>-</b>
<b>Total liabilities</b>	<b>8,741,936</b>	<b>117,789</b>	<b>8,859,725</b>	<b>459,294</b>
Net assets:				
Invested in capital assets, net of related debt	41,712,779	-	41,712,779	3,655,634
Restricted for, debt service	1,088,720	-	1,088,720	-
Unrestricted	37,984,558	340,801	38,325,359	7,484,798
<b>Total net assets</b>	<b>80,786,057</b>	<b>340,801</b>	<b>81,126,858</b>	<b>11,140,432</b>
<b>Total liabilities and net assets</b>	<b>\$ 89,527,993</b>	<b>\$ 458,590</b>	<b>\$ 89,986,583</b>	<b>\$ 11,599,726</b>
Total enterprise funds net assets			\$ 81,126,858	
Amounts reported for business-type activities in the statement of net assets are different because:				
Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			(4,486)	
Net assets of business-type activities			\$ 81,122,372	

City of West Des Moines, Iowa

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer System	Nonmajor Enterprise Fund - Solid Waste	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Charges for services	\$ 5,502,050	\$ 1,324,048	\$ 6,826,098	\$ 2,685,324
Lease revenue	-	-	-	990,863
Special assessments	73,393	-	73,393	-
<b>Total operating revenues</b>	<b>5,575,443</b>	<b>1,324,048</b>	<b>6,899,491</b>	<b>3,676,187</b>
Operating expenses:				
Cost of sales services	1,652,410	1,277,563	2,929,973	2,837,612
Administration	41,358	39,850	81,208	405,668
Depreciation	1,265,699	-	1,265,699	867,224
<b>Total operating expenses</b>	<b>2,959,467</b>	<b>1,317,413</b>	<b>4,276,880</b>	<b>4,110,504</b>
<b>Operating income (loss)</b>	<b>2,615,976</b>	<b>6,635</b>	<b>2,622,611</b>	<b>(434,317)</b>
Nonoperating revenues (expenses):				
Investment earnings	217,866	-	217,866	95,069
Interest expense and fiscal charges	(425,908)	-	(425,908)	-
Gain on disposal of capital assets	-	-	-	258,585
Loss from joint venture	(641,310)	-	(641,310)	-
Capital contributions	893,084	-	893,084	-
<b>Total nonoperating revenues (expenses)</b>	<b>43,732</b>	<b>-</b>	<b>43,732</b>	<b>353,654</b>
<b>Gain (loss) before transfers</b>	<b>2,659,708</b>	<b>6,635</b>	<b>2,666,343</b>	<b>(80,663)</b>
Transfers in	7,636,986	-	7,636,986	-
Transfers out	(7,352,323)	-	(7,352,323)	(75,589)
<b>Change in net assets</b>	<b>2,944,371</b>	<b>6,635</b>	<b>2,951,006</b>	<b>(156,252)</b>
Total net assets, beginning of year	77,841,686	334,166	78,175,852	11,296,684
Total net assets, end of year	<b>\$ 80,786,057</b>	<b>\$ 340,801</b>	<b>\$ 81,126,858</b>	<b>\$ 11,140,432</b>

See Notes to Basic Financial Statements.



**City of West Des Moines, Iowa**

**Reconciliation of the Change in Net Assets of Enterprise Funds to the Statement of Activities  
For the Year Ended June 30, 2004**

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Net change in net assets in enterprise funds	\$ 2,951,006
Amounts reported for proprietary activities in the statement of activities are different because internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities.	<u>(4,486)</u>
Change in net assets of business-type activities	<u><u>\$ 2,946,520</u></u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer System	Nonmajor Enterprise Funds - Solid Waste	Total Enterprise Funds	Internal Service Funds
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 5,628,493	\$ 1,302,610	\$ 6,931,103	\$ 3,654,414
Payments to suppliers for goods and services	(1,651,100)	(1,245,506)	(2,896,606)	(1,040,779)
Payments to claimants	-	-	-	(2,173,150)
Payments to employees	(27,541)	-	(27,541)	-
<b>Net cash provided by operating activities</b>	<b>3,949,852</b>	<b>57,104</b>	<b>4,006,956</b>	<b>440,485</b>
Cash Flows From Noncapital Financing Activities:				
Proceeds of interfund accounts	2,995	-	2,995	27,425
Payments of interfund accounts	(109,779)	-	(109,779)	-
Transfers in	7,636,986	-	7,636,986	-
Transfers out	(7,352,323)	-	(7,352,323)	(75,589)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>177,879</b>	<b>-</b>	<b>177,879</b>	<b>(48,164)</b>
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(3,492,954)	-	(3,492,954)	(904,521)
Proceeds from debt, net \$9,909 issuance	1,125,842	-	1,125,842	-
Payment on debt	(3,367,272)	-	(3,367,272)	-
Interest paid on debt	(425,908)	-	(425,908)	-
Proceeds from sale of capital assets	-	-	-	124,258
<b>Net cash (used in) capital and related financing activities</b>	<b>(6,160,292)</b>	<b>-</b>	<b>(6,160,292)</b>	<b>(780,263)</b>
Cash Flows From Investing Activities:				
Interest received	538,517	-	538,517	86,257
Proceeds from maturity of investment securities	7,750,000	-	7,750,000	3,275,000
<b>Net cash provided by investing activities</b>	<b>8,288,517</b>	<b>-</b>	<b>8,288,517</b>	<b>3,361,257</b>
<b>Increase in cash and cash equivalents</b>	<b>6,255,956</b>	<b>57,104</b>	<b>6,313,060</b>	<b>2,973,315</b>
Cash and cash equivalents, beginning of year	-	79,287	79,287	3,132,475
Cash and cash equivalents, end of year	\$ 6,255,956	\$ 136,391	\$ 6,392,347	\$ 6,105,790

City of West Des Moines, Iowa

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer System	Nonmajor Enterprise Funds - Solid Waste	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,615,976	\$ 6,635	\$ 2,622,611	\$ (434,317)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities,				
depreciation	1,265,699	-	1,265,699	867,224
Change in assets and liabilities:				
Receivables	71,852	(21,438)	50,414	(21,773)
Inventories	-	-	-	(3,736)
Due from joint venture	14,751	-	14,751	-
Accounts payable	1,310	56,464	57,774	(261,196)
Deferred revenue	(33,553)	-	(33,553)	-
Claims payable	-	-	-	294,283
Compensated absences and accrued wages payable	13,817	15,443	29,260	-
<b>Net cash provided by operating activities</b>	<b>\$ 3,949,852</b>	<b>\$ 57,104</b>	<b>\$ 4,006,956</b>	<b>\$ 440,485</b>
Reconciliation of cash and cash equivalents to specific assets on the combining balance sheet:				
Cash and investments	\$ 13,505,956	\$ 136,391	\$ 13,642,347	\$ 7,855,790
Less items not meeting the definition of cash equivalents, certificates of deposit	(7,250,000)	-	(7,250,000)	(1,750,000)
Cash and cash equivalents at end of year	<u>\$ 6,255,956</u>	<u>\$ 136,391</u>	<u>\$ 6,392,347</u>	<u>\$ 6,105,790</u>
Schedule of noncash items:				
Capital and related financing activities:				
Acquisition of capital assets through accounts payable	\$ -	\$ -	\$ -	\$ 34,129
Purchase of capital assets through like-kind exchange	-	-	-	259,705
Donated construction by developers	893,084	-	893,084	-

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2004

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**Assets**

Cash and investments	\$ 287,212
Restricted assets, contractors' bonds	8,360
<b>Total assets</b>	<u><u>\$ 295,572</u></u>

**Liabilities**

Deposits and remittances due	<u><u>\$ 295,572</u></u>
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See Notes to Basic Financial Statements.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies**

**Reporting entity:**

The City of West Des Moines (the City) is a political subdivision of the State of Iowa located in Polk and Dallas counties. It was first incorporated in 1893 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government, with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens, including public safety, public works, culture, recreation, public improvements and general administrative services.

In accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. In addition, the GASB issued Statement No. 39, in May 2002, which sets forth additional criteria to determine whether certain organizations for which the City is not financially accountable should be reported as component units based on the nature and significance of their relationship with the City. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the City, its component units, or its constituents and 2) the City being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the City and 3) the economic resources received or held by an individual organization that the City is entitled to, or has the ability to otherwise access, are significant to the City. Based on these criteria, there are no organizations or agencies which should be included in these basic financial statements.

**Basis of presentation:**

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following funds:

***Governmental Fund Types:*** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's major governmental funds:

***General Fund:*** The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

***Tax Increment Financing Fund (Special Revenue):*** To account for the accumulation of resources generated by TIF districts to be used for urban renewal and development. Property tax revenue generated on increased assessed valuations within TIF districts are the resources accounted for in this fund.

***Debt Service Fund:*** To account for the servicing of the general long-term debt not financed by a specific source.

***Capital Projects Fund:*** To account for the acquisition and construction of major capital facilities and other capital assets, with the exception of those that are financed through proprietary fund types.

The other governmental funds of the City are considered nonmajor and are as follows:

***Special Revenue Funds:*** are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

Road Use Tax Fund: To account for the proceeds from road use tax monies.

Police and Fire Retirement Fund: To account for the remaining balances of the self-administered pension plans after a transfer to a state administered plan which may be used by the City to meet future pension funding requirements as prescribed by law.

Employee Benefit Fund: To account for the property tax revenues collected to be used for the City's employees' health insurance and pension costs.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Economic Development Fund: To account for the proceeds to be used for general economic development and redevelopment purposes of the City including low interest loans the City makes to private companies for economic development purposes, as well as the acquisition and sale of land.

Housing Programs Fund: To account for the U.S. Department of Housing and Urban Development Block Grant programs as well as miscellaneous other grants and contributions to provide housing assistance and housing rehabilitation programs.

Parks Fund: To account for the donations identified to specifically assist the park programs and annual tree planting.

Library Fund: To account for reimbursements from the state of Iowa for library materials lent to noncity residents and other libraries in Iowa, and used for improvements to the Library. This Fund also accounts for money received through donations and fund raising activities for the Library.

Public Safety Fund: To account for grants and contributions specifically identified for use in public safety activities such as contributions for the purchase of public access defibrillators. This fund is also used to account for funds received by the City as a result of drug seizures.

**Proprietary Fund Types** : Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector (business-type activities). The measurement focus is upon income determination, financial position and cash flows.

**Enterprise Funds**: are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements. The following is the City's major enterprise fund:

**Sewer System Fund**: To account for the operations of the City's sanitary sewer systems including the revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

The other enterprise fund of the City is considered nonmajor and is as follows:

Solid Waste Fund: To account for the operations of the City's solid waste collection system.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Internal Service Funds** - are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City. The following are the City's internal service funds:

Vehicle Replacement Fund: To account for replacement costs related to vehicles and equipment of the City.

Vehicle Maintenance Fund: To account for the maintenance costs related to the vehicles and equipment of the City.

Building Maintenance Fund: To account for building supply and maintenance costs incurred on behalf of various City facilities.

Health and Dental Insurance Fund: To account for the health and dental insurance premiums and claims for all City employees.

**Fiduciary Fund Types** - Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City has the following fiduciary fund type:

**Agency Funds**: are used to account for assets that the City holds for others in an agency capacity. The City has the following agency funds:

Collections and Deposits Fund: To account for collections and deposits received by the City from external parties for purposes such as: escrow accounts for transitional housing program participants, deposits by transient vendors to ensure compliance with temporary use permits, and deposits from developers pending completion of remaining site plan requirements.

Section 125 Plan Fund: To account for current payroll deductions of City employees for future use as group insurance premiums.

**Measurement focus and basis of accounting:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified in March 2004 based on the 2003 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 1½% per month penalty for delinquent payment. Since the 2004 tax levy is budgeted and levied for the fiscal year 2005, the revenue from this tax levy has been deferred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Summary of significant accounting policies:**

The significant accounting policies followed by the City include the following:

**Cash and investments:** the City maintains a cash and investment pool to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

The City invests in the Iowa Public Agency Investment Trust which is a 2a7-like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

**Statement of cash flows:** for purposes of the statement of cash flows for proprietary fund type funds, the City considers the pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Certificates of deposit with a maturity greater than three months are considered investments. Cash equivalents also include restricted cash and investments.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Accounts receivable:** results primarily from services provided to citizens and are accounted for in the governmental funds. Sewer services are accounted for in the Sewer System Fund. All are net of an allowance for uncollectibles.

**Inventories:** consists of materials and supplies and are valued at cost using the first-in first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures.

**Bond discount, premium and issuance costs:** In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Capital assets:** including land, buildings, improvements other than buildings, equipment and vehicles, infrastructure, construction-in-progress, sanitary sewer system and the City's share of assets in their undivided equity interest are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The City has chosen the Modified Approach, as defined by Statement No. 34, for reporting governmental activities infrastructure assets of the City.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

Notes to Basic Financial Statements

**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

	<u>Years</u>
Buildings	30
Improvements other than buildings	15
Equipment and vehicles	5 - 18
Sanitary sewer system	50
Share of undivided equity interest assets	5 - 15

The City's collection of works of art, library books, and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

**Deferred revenues:** in the governmental funds, deferred revenues represent amounts due, which are measurable, but not available, or grants and similar items received, but for which the City has not met all eligibility requirements imposed by the provider. In the statement of net assets, deferred revenues represent the deferral of property tax receivables which are levied for a future period and unearned grants.

**Interfund transactions:** transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Compensated absences:** City employees accumulate vacation benefits for subsequent use or payment upon termination, death or retirement. City employees also accumulate sick leave benefits for subsequent use or payable at one-half the accumulated value upon death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

**Fund equity:** reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represents tentative management plans that are subject to change.

**Net assets:** represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Use of estimates:** the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budgetary and appropriation data:** As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

**Note 2. Cash and Investments**

The City maintains cash and investment pool for certain funds where the resources have been pooled in order to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law.

**Deposits:** Chapter 12c of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized.

As of June 30, 2004, the City's carrying amount of deposits with financial institutions totaled \$69,053,313 with bank balances of \$70,046,539. The City's deposits with financial institutions as of June 30, 2004 were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

# City of West Des Moines, Iowa

## Notes to Basic Financial Statements

### Note 2. Cash and Investments (Continued)

The City also maintains petty cash accounts in various funds. The total amount of petty cash is \$1,500.

**Investments:** The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed at year-end. The categories are defined as:

1. Insured or registered in the City's name or the securities are held by the City or its agent in the City's name.
2. Uninsured and unregistered securities, which are held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered securities, which are held by the counterparty or by its trust department or agent but not in the City's name.

The following is a summary of the City's investments at year-end:

	Carrying Amount			
	Category			
	1	2	3	Total
Commercial paper	\$ 3,986,111	\$ -	\$ -	\$ 3,986,111
U.S. government agency obligations	1,983,473	-	-	1,983,473
	<u>\$ 5,969,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,969,584</u>
Investments not subject to risk categorization:				
Iowa Public Agency, Investment Trust				32,333,327
				<u>\$ 38,302,911</u>

The City's investments during the year did not vary substantially from those at year-end in amounts or level of risk.

A reconciliation of cash and investments, as shown in the financial statements, is as follows:

Cash on hand	\$ 1,500
Deposits with financial institutions	69,053,313
Investments	38,302,911
	<u>\$ 107,357,724</u>
Government-wide financial statements of net assets, cash and investments	<u>\$ 107,070,512</u>
Statement of fiduciary net assets, cash and investments	<u>\$ 287,212</u>

City of West Des Moines, Iowa

Notes to Basic Financial Statements

**Note 3. Capital Assets**

The City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Assets. The City elected to use the "modified approach" as defined by GASB Statement No. 34 for governmental activities infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the "modified approach" is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense has been recorded.

The following is a summary of changes in capital assets for the year ended June 30, 2004:

	Ending Balance June 30, 2003, as Restated	Additions	Deletions	Ending Balance June 30, 2004
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 6,143,645	\$ 13,812,393	\$ -	\$ 19,956,038
Infrastructure	190,291,582	28,213,705	31,495	218,473,792
Construction-in-progress	22,668,730	24,319,527	20,908,751	26,079,506
<b>Total capital assets, not being depreciated</b>	<b>219,103,957</b>	<b>66,345,625</b>	<b>20,940,246</b>	<b>264,509,336</b>
Capital assets, being depreciated:				
Buildings	32,178,830	1,496,445	-	33,675,275
Equipment and vehicles	15,881,781	1,654,077	1,215,936	16,319,922
Improvements other than buildings	22,132,850	6,438,363	44,973	28,526,240
Share of undivided equity interest assets	1,000,486	-	7,817	992,669
<b>Total capital assets, being depreciated</b>	<b>71,193,947</b>	<b>9,588,885</b>	<b>1,268,726</b>	<b>79,514,106</b>
Less accumulated depreciation for:				
Buildings	9,096,835	1,096,279	-	10,193,114
Equipment and vehicles	8,613,322	1,173,474	926,265	8,860,531
Improvements other than buildings	5,285,124	1,856,966	5,806	7,136,284
Share of undivided equity interest assets	418,709	107,417	-	526,126
<b>Total accumulated depreciation</b>	<b>23,413,990</b>	<b>4,234,136</b>	<b>932,071</b>	<b>26,716,055</b>
<b>Total capital assets, being depreciated, net</b>	<b>47,779,957</b>	<b>5,354,749</b>	<b>336,655</b>	<b>52,798,051</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 266,883,914</b>	<b>\$ 71,700,374</b>	<b>\$ 21,276,901</b>	<b>\$ 317,307,387</b>

City of West Des Moines, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Ending Balance June 30, 2003	Additions	Deletions	Ending Balance June 30, 2004
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ -	\$ 256,952	\$ -	\$ 256,952
Construction-in-progress	1,430,949	2,960,297	30,275	4,360,971
<b>Total capital assets, not being depreciated</b>	<b>1,430,949</b>	<b>3,217,249</b>	<b>30,275</b>	<b>4,617,923</b>
Capital assets, being depreciated, sanitary sewer system	62,564,340	1,199,064	-	63,763,404
Less accumulated depreciation for sanitary sewer system	17,114,766	1,265,699	-	18,380,465
<b>Total capital assets, being depreciated, net</b>	<b>45,449,574</b>	<b>(66,635)</b>	<b>-</b>	<b>45,382,939</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 46,880,523</b>	<b>\$ 3,150,614</b>	<b>\$ 30,275</b>	<b>\$ 50,000,862</b>

Depreciation expense was charged to the governmental activities functions as follows:

<b>Governmental Activities</b>	
Public safety	\$ 1,074,489
Health and social services	21,627
Culture and recreation	2,239,549
Public works	500,675
General government	397,796
	<u>\$ 4,234,136</u>

# City of West Des Moines, Iowa

## Notes to Basic Financial Statements

### Note 4. Bonded and Other Debt

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2004:

	June 30, 2003	Increases and Issues	Decreases and Retirements	June 30, 2004	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 116,941,312	\$ 41,559,249	\$ 9,637,049	\$ 148,863,512	\$ 7,638,514
Tax increment financing (TIF) bonds	17,990,000	-	1,695,000	16,295,000	1,770,000
Capital lease obligations	269,142	-	64,164	204,978	47,512
Loan payable	212,935	-	53,234	159,701	53,234
Installment contracts	636,499	-	279,852	356,647	71,329
Compensated absences	1,124,143	3,091,414	1,399,440	2,816,117	2,196,571
	<u>137,174,031</u>	<u>44,650,663</u>	<u>13,128,739</u>	<u>168,695,955</u>	<u>11,777,160</u>
<b>Business-Type activities:</b>					
Revenue bonds	5,955,000	-	571,000	5,384,000	582,000
General obligation bonds	1,783,686	1,135,751	2,307,951	611,486	611,486
Financing agreements	2,790,827	-	488,321	2,302,506	186,961
Compensated absences	3,921	49,440	22,202	31,159	28,099
	<u>10,533,434</u>	<u>1,185,191</u>	<u>3,389,474</u>	<u>8,329,151</u>	<u>1,408,546</u>
<b>Total long-term debt</b>	<u>\$ 147,707,465</u>	<u>\$ 45,835,854</u>	<u>\$ 16,518,213</u>	<u>\$ 177,025,106</u>	<u>\$ 13,185,706</u>

**Current Refunding:** On September 4, 2003, the City issued \$5,445,000 in General Obligation Bonds with an average interest rate of 2.5 percent to current refund \$575,000 of outstanding 1992 Series bonds with an average interest rate of 5.5 percent, \$1,260,000 of outstanding 1993A Series bonds with an average interest rate of 5.3 percent, and \$3,575,000 of outstanding 1993B Series bonds with an average interest rate of 4.9 percent. The net proceeds of \$5,427,242 (after payment of \$54,860 in underwriting fees, insurance and other issuance costs) were used to pay in full the three series that were called (1992 Series called December 1, 2003, 1993A Series called September 11, 2003 and 1993B Series called December 1, 2003). As a result, the 1992, 1993A and 1993B Series bonds have been paid and the liability for those bonds has been removed from the government-wide statement of net assets.

The current refunding resulted in no difference between the reacquisition price and the net carrying amount of the old debt. The City completed the refunding to reduce its total debt service payments over the next five years by \$292,325 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$297,504.



# City of West Des Moines, Iowa

## Notes to Basic Financial Statements

### Note 4. Bonded and Other Debt (Continued)

**Summary of bond issues:** General obligation bonds outstanding as of June 30, 2004 consist of the following individual issues:

Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally Issued	Amount Outstanding June 30, 2004
01/01/96	4.25 - 5.13	June 2015	\$175,000 - \$570,000	\$ 6,900,000	\$ 3,985,000
12/01/97	4.30 - 4.63	June 2009	250,000 - 350,000	3,000,000	1,500,000
06/01/99	3.75 - 4.35	June 2011	225,000 - 300,000	3,000,000	1,925,000
12/01/00	4.50 - 5.00	June 2012	185,000 - 550,000	5,000,000	3,650,000
11/01/01	3.25 - 5.00	June 2020	100,000 - 1,005,000	13,000,000	12,800,000
11/12/01	3.00 - 4.40	June 2014	40,000 - 595,000	3,575,000	3,395,000
05/29/02	3.00 - 4.40	June 2014	1,245,000 - 1,850,000	18,000,000	15,480,000
06/24/02	3.00 - 5.00	June 2020	135,000 - 830,000	9,750,000	9,615,000
05/01/03	2.50 - 4.40	June 2019	1,000,000 - 3,765,000	40,000,000	40,000,000
05/01/03	2.00 - 3.12	June 2010	1,640,000 - 1,885,000	10,500,000	10,500,000
05/01/03	2.00 - 3.75	June 2014	310,000 - 410,000	3,845,000	3,535,000
05/01/03	2.00 - 2.38	June 2006	710,000 - 730,000	2,155,000	1,445,000
09/01/03	3.75 - 4.70	June 2019	252,000 - 1,276,000	12,000,000	12,000,000
09/01/03	2.00 - 3.25	June 2009	525,735 - 1,250,000	4,309,249	3,783,512
12/01/03	2.00 - 4.35	June 2023	400,000 - 1,700,000	19,250,000	19,250,000
06/01/04	3.00 - 5.00	June 2021	100,000 - 1,250,000	6,000,000	6,000,000
				<u>\$ 160,284,249</u>	<u>\$ 148,863,512</u>

The TIF bonds were issued for the purpose of defraying a portion of the costs of carrying out urban renewal projects of the City. The bonds are payable solely from the income and proceeds of the TIF Bonds Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the TIF bonds were to be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City; however, the debt is subject to the constitutional debt limitation of the City.

The covenants providing for the issuance of the TIF Bonds include the following provisions:

- The City must maintain the urban renewal project areas, enforce and maintain the City ordinance related to the project areas, and levy/collect the related tax increment revenues.
- The City must maintain proper books and prepare special TIF bond reports, which are to be audited within 210 days of the City's fiscal year-end and made available to bondholders.
- The City must comply with the Constitution and laws of Iowa related to each bond issue.

Notes to Basic Financial Statements

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**Note 4. Bonded and Other Debt (Continued)**

The TIF bonds also have a stated reserve requirement that is calculated as the lesser of (a) the maximum annual amount of the principal and interest coming due on the bonds and parity obligations or (b) 10 percent of the stated principal amount on the bonds and parity obligations. The City has established a reserve amount of \$2,220,000.

**Other than bonded debt:**

Loan payable: The City entered into a RISE loan agreement during the year ended June 30, 1998 to fund a portion of the Westown Parkway Bridge project. As of June 30, 2004, \$159,701 was outstanding under the agreement. The loan is noninterest bearing and is payable in annual installments of \$53,234.

Capital lease obligations: The City has entered into a lease purchase agreement for the acquisition and installation of a new telephone system. The agreement requires annual payments of \$56,590, including interest at 4.95% through June 1, 2008. The balance due as of June 30, 2004 was \$204,978.

Installment contracts: The City has entered into two installment contracts for the construction of pedestrian bridges. The agreements are noninterest bearing and are payable in annual installments totaling \$71,329 through January 2009. The balance due as of June 30, 2004 was \$356,647.

**Revenue capital loan notes:** During the year ended June 30, 1995, the City authorized the issuance of \$2,600,000 Sewer Revenue Capital Loan Notes, Series 1994 and a \$2,158,000 Sewer Revenue Capital Loan Notes, Series 1995. The notes were issued to evidence the City's obligations under a separate loan and disbursement agreement with the Iowa Department of Natural Resources and the Iowa Finance Authority under the State's SRF loan program. The projects were completed during the year ended June 30, 1996.

During the year ended June 30, 1997, the City authorized the issuance of \$1,800,000 Sewer Revenue Capital Loan Notes, Series 1996. The notes were also issued to evidence the City's obligations under an agreement with the Iowa Department of Natural Resources and the Iowa Finance Authority. As of June 30, 1999, the City had drawn all of the funds available under the Series 1996 note.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the Municipal Sewer Utility, and the note holders hold a lien on the future earnings of the fund.
- b) Sufficient monthly transfers shall be made to an operation and maintenance account to meet the current expenses of the month plus an amount equal to 1/12 of expenses payable on an annual basis.
- c) Sufficient monthly transfers shall be made to a separate sewer revenue sinking account for the purpose of making the notes' principal and interest payments when due.
- d) A reserve fund must be maintained in an amount equal to the lesser of the maximum principal and interest due in any succeeding year or 10% of the proceeds of the sale of the notes. Monies deposited in the reserve fund shall be used solely to pay principal and interest on notes, or parity bonds or notes should funds not be adequate in the sinking fund.
- e) All funds remaining in the sewer revenue account may be deposited in any of the funds created by the resolution to pay for extraordinary repairs or replacements to the system or to pay or redeem the notes.

The total of the restricted cash and investments under these agreements are \$1,088,720.

# City of West Des Moines, Iowa

## Notes to Basic Financial Statements

### Note 4. Bonded and Other Debt (Continued)

**General obligation bonds:** The City is repaying the principal and interest of a portion of its general obligation bonds from the net revenues of the Enterprise Fund – Sewer Fund. Accordingly, these bonds are reported as a liability of the Enterprise Fund.

**Financing agreements:** The City is a member of the Wastewater Reclamation Authority (WRA) (see Note 11) and has entered into various financing agreements with the City of Des Moines, Iowa, to provide for West Des Moines' share of capital contribution for the construction and ongoing expansion of a Metropolitan Waste Water System. The agreements occurred at various phases in the construction process and are funded primarily by bonds sold to the Iowa Finance Authority. The agreements mature in years ranging from 2004 to 2018 and bear interest ranging from 3.74% to 9.80%.

**Summary of principal and interest maturities:** Annual debt service requirements to service all outstanding indebtedness as of June 30, 2004 are as follows:

Year ending June 30:	General Obligation Bonds		Tax Increment Notes Payable	
	Principal	Interest	Principal	Interest
2005	\$ 7,638,514	\$ 5,715,738	\$ 1,770,000	\$ 667,717
2006	9,700,000	5,516,886	1,850,000	601,247
2007	10,435,000	5,244,474	2,485,000	529,061
2008	11,625,000	4,913,891	2,600,000	431,485
2009	11,405,000	4,523,041	2,720,000	324,985
2010 - 2014	50,650,000	16,421,935	4,870,000	478,565
2015 - 2019	39,080,000	7,095,262	-	-
2020 - 2024	8,329,998	759,420	-	-
	<u>\$ 148,863,512</u>	<u>\$ 50,190,647</u>	<u>\$ 16,295,000</u>	<u>\$ 3,033,060</u>

Year ending June 30:	Capital Lease Obligations		Loan Payable	
	Principal	Interest	Principal	Interest
2005	\$ 47,512	\$ 9,078	\$ 53,234	\$ -
2006	49,918	6,672	53,234	-
2007	52,446	4,144	53,233	-
2008	55,102	1,488	-	-
	<u>\$ 204,978</u>	<u>\$ 21,382</u>	<u>\$ 159,701</u>	<u>\$ -</u>

City of West Des Moines, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

	Installment Contracts		General Obligation Bonds	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2005	\$ 71,329	\$ -	\$ 611,486	\$ 44,080
2006	71,329	-	-	-
2007	71,329	-	-	-
2008	71,329	-	-	-
2009	71,331	-	-	-
	<u>\$ 356,647</u>	<u>\$ -</u>	<u>\$ 611,486</u>	<u>\$ 44,080</u>

	Enterprise Revenue Bonds		Enterprise Financing Agreement Payable	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2005	\$ 582,000	\$ 203,458	\$ 186,961	\$ 96,568
2006	603,000	183,332	194,822	89,123
2007	627,000	161,922	202,731	81,200
2008	651,000	138,492	210,755	72,784
2009	363,000	113,712	219,885	63,881
2010 - 2014	2,036,000	347,418	940,363	185,220
2015 - 2018	522,000	37,206	346,989	26,776
	<u>\$ 5,384,000</u>	<u>\$ 1,185,540</u>	<u>\$ 2,302,506</u>	<u>\$ 615,552</u>

# City of West Des Moines, Iowa

## Notes to Basic Financial Statements

### Note 4. Bonded and Other Debt (Continued)

Legal debt margin: As of June 30, 2004, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2003 100% assessed valuation *	\$ 3,798,673,414
Plus: Captured tax increment value	365,388,173
Less: Military Exemption	(4,234,598)
Total assessed valuation of the property of the City of West Des Moines	<u>\$ 4,159,826,989</u>
Debt limit, 5% of total actual valuation	\$ 207,991,349
Debt applicable to debt limit:	
General obligation bonds	148,863,512
TIF revenue bonds	16,250,000
Loans payable	159,701
Capital lease obligations	204,978
Installment contracts	356,647
Enterprise general obligation bonds	611,486
<b>Legal debt margin</b>	<u><u>\$ 41,545,025</u></u>

\* 100% of assessed valuation including TIF increment.

### Note 5. Interfund Receivables and Payables

Individual interfund receivables and payables balances as of June 30, 2004 were:

	Total	
	Interfund Receivables	Interfund Payables
Major governmental funds:		
General	\$ 279,352	\$ -
Capital projects	-	153,607
Major enterprise fund, Sewer System	153,607	-
Nonmajor governmental funds:		
Special revenue funds:	-	-
Economic development	-	225,142
Employee benefit	-	4,857
Internal service funds, Vehicle Maintenance	-	49,353
<b>Total</b>	<u><u>\$ 432,959</u></u>	<u><u>\$ 432,959</u></u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

## City of West Des Moines, Iowa

### Notes to Basic Financial Statements

#### Note 6. Interfund Transfers

The following is a schedule of transfers as included in the basic financial statements of the City:

	Transfers In	Transfers Out
Governmental activities:		
Major governmental funds:		
General	\$ 4,883,849	\$ 3,224,932
Special revenue fund, Tax Increment Financing	-	4,133,104
Debt service	12,550,315	2,049,913
Capital projects	46,590,445	50,197,258
Nonmajor governmental funds	327,042	4,955,518
Internal service funds	-	75,589
<b>Total governmental activities</b>	<b>64,351,651</b>	<b>64,636,314</b>
Business-type activities, major enterprise fund, sewer system	7,636,986	7,352,323
<b>Total</b>	<b>\$ 71,988,637</b>	<b>\$ 71,988,637</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### Note 7. Pension and Retirement Systems

**Iowa Public Retirement System:** The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$646,910, \$597,270 and \$545,110, respectively, equal to the required contributions for each year.

**Municipal Fire and Police Retirement System of Iowa:** The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2004, 2003 and 2002 were \$967,268, \$735,641 and \$669,629, respectively, which met the required contribution for each year.

Notes to Basic Financial Statements

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**Note 8. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these new requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

**Note 9. Individual Fund Equity Deficit**

The following funds have deficit fund balances as of June 30, 2004:

Nonmajor Special Revenue Fund, Economic Development	\$	227,642
Internal Service Fund, Vehicle Maintenance		43,008

The City intends to fund these deficits through transfers from the General Fund.

**Note 10. Post-Employment Benefits Other Than Pension Benefits**

The City provides post-employment health insurance benefits. These benefits are provided to police officers and fire fighters on medical disability and are financed and accounted for on a pay-as-you-go basis. The City pays 50% of the premium for single coverage for medically disabled police officers and fire fighters to comply with Code of Iowa Section 411.15. The amount of post-employment health insurance benefits provided by the City and the number of eligible participants for the year ended June 30, 2004 were \$1,467 and one respectively.

**Note 11. Joint Ventures**

Equity interest: The City is a member of WRA, a joint venture established in accordance with the provisions of Chapter 28E of the Code of Iowa for the purpose of planning, constructing, operating and managing sewer-related facilities. Pursuant to the joint venture agreement, the City of Des Moines is the operating agency and, as such, provides the management and each member participates in governing the joint venture.

Each WRA member participates, at varying percentages, in each project phase based on the member's respective benefit. The City's share of the joint venture has been funded through a combination of general obligation bonds, sewer revenue bonds, and several financing agreements with the WRA based on specific construction phases of the project. At the conclusion of each project, project estimates and actual costs are compared and any overages or underages are returned or billed to the participating members.

The City retains an ownership interest in the project based on existing contributions of capital during various phases of the project. The City's interest as of June 30, 2004 was 10.40%. The City is accounting for its investment in the joint venture under the "equity method" of accounting. Under the equity method of accounting the investment in the joint venture is recorded at cost and is adjusted annually for the City's share of the joint venture's income (loss) before capital contributions.

## City of West Des Moines, Iowa

### Notes to Basic Financial Statements

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#### **Note 11. Joint Ventures (Continued)**

The WRA system is operated on a cost reimbursement basis whereby participating communities share in the costs of operations as set forth in the WRA agreement. As of June 30, 2004, the City had deposits held and refunds due from the WRA of \$321,832 and \$540,313, respectively, as adjustments under the cost reimbursement plan.

Selected information of the WRA as of the year ended June 30, 2004 is as follows:

Operating revenues	\$ 9,134,149
Loss before capital contributions	(6,166,441)
Capital contributions	70,788
Decrease in net assets	(6,095,653)
Total assets	272,519,611
Total liabilities	7,447,216
Net assets	265,072,395

The financial statements for the WRA can be obtained from the operating agency, the City of Des Moines, Iowa.

#### **Note 12. Related Organizations and Jointly Governed Organizations**

Related organization: The City of West Des Moines Water Works Utility is governed by a five-member board which is appointed by the Mayor and approved by the City Council. The West Des Moines Water Works Utility is legally a separate entity and is not financially accountable to the City. The City provides various services to the Water Works, including office facilities, reimbursable expenses, and the availability to participate in the City's health insurance plan. The Water Works provides billing and collection services to the City in connection with the City's Sewer and Solid Waste Enterprise Funds. The following is a summary of the related party transactions for the year ended June 30, 2004:

	Amount
Received from West Des Moines Water Works:	
Occupancy reimbursements	\$ 177,658
Health insurance premiums	216,354
Gasoline reimbursements	13,874
Telephone reimbursements	7,056
Share of general insurance	92,646
Capital project reimbursements	5,000
Delinquent reimbursements	770
Miscellaneous reimbursements	92,683
Donation pass-through	8,452
Payments to West Des Moines Water Works:	
Collection fees for sewer and solid waste	82,562
Special assessment remittances	-
Miscellaneous fees	4,775

Amounts receivable from West Des Moines Water Works as of June 30, 2004 for sewer and solid waste charges totaled \$756,213 and \$214,940, respectively.



Notes to Basic Financial Statements

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**Note 12. Related Organizations and Jointly Governed Organizations (Continued)**

Jointly governed organizations: The City participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Polk and Dallas County Assessor's Conference Boards; Metropolitan Transportation Planning Committee; Metropolitan Transit Authority; Metropolitan Waste Authority; Convention and Visitors Bureau; Joint County/Municipal Disaster Services; Emergency Planning Administrations.

In August 2000, the City entered into a jointly governed organization with two other Des Moines suburbs for the creation of WestCom. WestCom was established as an undivided interest ownership arrangement, whereby title to assets in WestCom are held individually by the City and two other Des Moines suburbs. The City's portion of current year costs of operations and capital for the dispatch center were \$765,426 and \$992,669, respectively.

**Note 13. Commitments**

The City has entered into contracts totaling approximately \$32,900,661 for various projects that were not complete at year-end. As of June 30, 2004, \$29,215,017 has been encumbered for completion of these contracts.

**Note 14. Risk Management**

The City is a member in the Iowa Communities Assurance Pool (the Pool), as allowed by Chapter 331.301 of the Code of Iowa. The Pool is a local government risk-sharing pool whose over 500 members include various governmental entities throughout the state of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributes to the Pool Fund's current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2004 were approximately \$406,000.

Notes to Basic Financial Statements

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**Note 14. Risk Management (Continued)**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim for a total of \$2,000,000 in coverage and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. The City of West Des Moines has elected \$8,000,000 in coverage. Automobile physical damage risks are retained by the Pool up to \$50,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceed the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, as of June 30, 2004, no liability has been recorded in the City's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given sixty days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. After the sixth year, the member is refunded 100% of its capital contributions; however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Self-insurance health plan:** The City has a self-insured medical expense reimbursement plan which provides medical benefits to its employees and to the employees of affiliates. The plan provides each covered person with a lifetime maximum of \$1,000,000 coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Principal Life Insurance Company. The uninsured risk retention per person is \$70,000 (not to exceed 125% of the aggregate expected claims of \$1,567,746 for the year ended June 30, 2004). The City purchased commercial stop-loss insurance to provide for claims in excess of the \$70,000 to reduce its exposure to large losses. There has been no significant reduction in insurance coverage under the plan from prior years.

The City has established the Health and Dental Insurance Fund (an internal service fund) to account for and finance the uninsured risk of loss. The City's contribution to the fund for the year ended June 30, 2004 was \$1,819,585.

Notes to Basic Financial Statements

**Note 14. Risk Management (Continued)**

Amounts payable from the Health and Dental Insurance Fund as of June 30, 2004 total \$294,283 and include incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for other loss. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Settlements have not exceeded the stop-loss coverage in any of the past three years. Information on changes in the aggregate liabilities for claims is as follows:

	2004	2003
Claims payable, beginning of year	\$ 254,127	\$ 229,864
Claims recognized	2,213,306	1,718,440
Claim payments	(2,173,150)	(1,694,177)
Claims payable, end of year	<u>\$ 294,283</u>	<u>\$ 254,127</u>

**Note 15. Conduit Debt Obligations**

From time-to-time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, there were three series of industrial development revenue bonds outstanding, with an aggregate principal amount payable of \$4,987,939.

**Note 16. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 40, *Deposits and Investment Risk Disclosures*, issued March 2003, will be effective for the City beginning with its year ending June 30, 2005. This Statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposits risks.

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

Notes to Basic Financial Statements

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**Note 16. New Pronouncements (Continued)**

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, was issued April 2004. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2008.

Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued in May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

**Note 17. Restatement**

The beginning net assets of governmental activities, as of June 30, 2003, have been restated by \$4,731,674 to record a municipal building constructed in prior years with historical cost of \$5,069,650 and accumulated depreciation of \$337,976.

**Note 18. Litigation**

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material adverse effect on the future financial statements of the City.

City of West Des Moines, Iowa

Budgetary Comparison Schedule

Budget and Actual - All Governmental Funds and Proprietary Funds - Budgetary Basis

Required Supplementary Information

For the Year Ended June 30, 2004

	Governmental Fund Types Actual Budgetary Basis	Proprietary Fund Type Actual Budgetary Basis	Total Actual Budgetary Basis
Revenues:			
Property tax	\$ 26,726,691	\$ -	\$ 26,726,691
Tax increment financing taxes	11,674,926	-	11,674,926
Other City taxes	2,348,547	-	2,348,547
Special assessments	300,418	-	300,418
Licenses and permits	1,072,584	-	1,072,584
Intergovernmental	7,997,903	-	7,997,903
Charges for services	2,292,260	9,674,051	11,966,311
Use of money and property	987,886	1,247,917	2,235,803
Miscellaneous	1,117,989	-	1,117,989
<b>Total revenues</b>	<b>54,519,204</b>	<b>10,921,968</b>	<b>65,441,172</b>
Expenditures/Expenses:			
Public safety	12,796,825	-	12,796,825
Public works	6,062,234	-	6,062,234
Health and social services	769,984	-	769,984
Culture and recreation	4,642,853	-	4,642,853
Community and economic development	2,892,764	-	2,892,764
General government	3,710,580	-	3,710,580
Debt service	20,346,975	1,340,772	21,687,747
Capital outlay	43,131,546	-	43,131,546
Business-type	-	6,512,083	6,512,083
<b>Total expenditures/expenses</b>	<b>94,353,761</b>	<b>7,852,855</b>	<b>102,206,616</b>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<b>(39,834,557)</b>	<b>3,069,113</b>	<b>(36,765,444)</b>
Other financing sources, net	47,956,520	(4,977,249)	42,979,271
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses</b>	<b>8,121,963</b>	<b>(1,908,136)</b>	<b>6,213,827</b>
Balances, beginning of year	72,651,594	89,472,536	162,124,130
Balances, end of year	\$ 80,773,557	\$ 87,564,400	\$ 168,337,957

See Note to Required Supplementary Information.

Budgeted Amounts		
Original	Final	Final to Actual Variance - Positive (Negative)
\$ 26,773,156	\$ 26,773,156	\$ (46,465)
11,239,345	11,239,345	435,581
2,168,915	2,408,915	(60,368)
100,000	100,000	200,418
879,900	904,550	168,034
11,112,992	11,550,142	(3,552,239)
8,233,660	8,632,910	3,333,401
1,772,000	1,560,550	675,253
3,647,400	3,966,400	(2,848,411)
65,927,368	67,135,968	(1,694,796)
12,771,900	13,559,050	762,225
6,188,923	6,335,153	272,919
840,511	846,981	76,997
4,694,716	4,850,005	207,152
3,069,227	3,006,413	113,649
3,930,024	4,082,539	371,959
12,556,532	24,379,620	2,691,873
24,276,320	65,395,745	22,264,199
10,147,256	15,486,726	8,974,643
78,475,409	137,942,232	35,735,616
(12,548,041)	(70,806,264)	34,040,820
13,098,150	16,223,150	26,756,121
550,109	(54,583,114)	\$ 60,796,941
162,124,130	162,124,130	
\$ 162,674,239	\$ 107,541,016	

City of West Des Moines, Iowa

**Budgetary Comparison Schedule  
Budget to GAAP Reconciliation  
Required Supplementary Information  
For the Year Ended June 30, 2004**

	Governmental Fund Types		
	Budget Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 54,519,204	\$ 390,352	\$ 54,909,556
Expenditures	94,353,761	(3,197,009)	91,156,752
Net	(39,834,557)	3,587,361	(36,247,196)
Other financing sources (uses)	47,956,520	(6,535,647)	41,420,873
Beginning fund balances	72,651,594	-	72,651,594
Ending fund balances	<u>\$ 80,773,557</u>	<u>\$ (2,948,286)</u>	<u>\$ 77,825,271</u>

	Proprietary Fund Types		
	Budget Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 10,921,968	\$ (33,355)	\$ 10,888,613
Expenditures	7,852,855	960,437	8,813,292
Net	3,069,113	(993,792)	2,075,321
Other financing sources (uses)	(4,977,249)	5,696,682	719,433
Beginning fund balances	89,472,536	-	89,472,536
Ending fund balances	<u>\$ 87,564,400</u>	<u>\$ 4,702,890</u>	<u>\$ 92,267,290</u>

**Note to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2004**

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In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds, except agency funds. The budget basis of accounting is cash basis plus 30 days of payable and receivable accruals. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. Function expenditures required to be budgeted include expenditures for the General Fund, special revenue funds, Debt Service Fund, Capital Projects Fund and proprietary funds. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendments increased budgeted expenditures by \$59,466,823. The budget amendments were primarily due to changes in breadth and timing of capital improvement projects as well as changes necessitated by the loss of state revenue.



**Required Supplementary Information – Modified Approach  
For the Year Ended June 30, 2004**

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The City has elected to use the "Modified Approach" as defined by the GASB Statement No. 34 for reporting the infrastructure of its street network. The street network is defined as all physical features existing within the right of way limits for the City's roadways and includes the streets, bridges and levees subsystems. (For additional information regarding the use of the modified approach and the City's capitalization policies, see Management's Discussion and Analysis and the Notes to the Financial Statements).

The City of West Des Moines maintains a computerized Street Management System (SMS) to keep an up-to-date inventory of the street network and to record condition assessments. In performing these condition assessments, each city street is evaluated and rated according to an Overall Condition Index (OCI). This index represents a composite rating including the evaluation of pavement defects/deterioration, ride quality, drainage, weathering and surface condition. The OCI of each street is calculated and rates on a scale from 100 to 0, with an OCI rating of 100 being the best and 0 the worst. This condition assessment will be performed at least once every three years. The following table defines the Overall Condition Index (OCI) rating scale for streets:

Pavement Condition	OCI Range
Very Good	100 - 90
Good	90 - 80
Average	80 - 60
Below Average	60 - 50
Poor	50 - 25
Failed	25 - 0

The City's goal is to maintain an OCI rating of 78-80 for the street network. The following are descriptions for portland cement concrete and asphalt surfaced streets in the City with an OCI rating of 78-80:

Portland cement concrete streets (OCI 78-80): Low and moderate severity settlement, bumps, cracking or joint deterioration may exist up to 15% of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. More than 50% of the joints have sealant damage. Patches may exist up to 20% of the street area and are typically moderate in quality. Discernible bumps may be noticeable during vehicle travel. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. Surface pop-outs may exist throughout the pavement.

Asphalt Surfaced Streets (OCI 78-80): Reflective cracking may exist up to 100% of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. Low and moderate severity bumps, alligator cracking, rutting, or raveling may exist up to 5% of the street area. Patches may exist up to 10% of the street area and are typically moderate in quality. Potholes may exist at small isolated locations. Discernible bumps may be noticeable during vehicle travel. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. The surface color is typically medium gray.

# City of West Des Moines, Iowa

## Required Supplementary Information – Modified Approach For the Year Ended June 30, 2004

Levees and Associated Flood Control Elements (Army Corp. Rating – Acceptable): No immediate work required other than routine maintenance. The flood control elements will function as designed and intended, with a high degree of reliability, and necessary cyclic maintenance is being adequately performed.

Bridge and Large Street Culverts (FHWA & Iowa DOT Sufficiency Rating – 81 or Greater): The item is structurally sound and there appears to be no immediate safety hazards. Minor cracking, scaling, leaching, channel silting and vegetation, or other minor problems may exist in isolated locations. Minor problems, if any exist, do not appear to have an immediate impact on structural integrity or safety.

Condition rating of the City's street subsystem:

Category	OCI Range	2001		2004	
		Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Very good	100-90	200	40.7%	232	41.9%
Good	90-80	111	22.5	122	21.9
Average	80-60	123	25.0	124	22.3
Below average	60-50	47	9.6	56	10.2
Poor	50-25	11	2.2	21	3.7
Failed	25-0	-	-	-	-
<b>Total</b>		<b>492</b>	<b>100.0%</b>	<b>555</b>	<b>100.0%</b>

Overall condition index (OCI):

	Fiscal Year 2001	Fiscal Year 2004
Goal	78-80	78-80
Actual	81.2	80.35

Bridge & Street Culvet Condition by Category as of the Last Assessment					
Condition Categories Based on FHWA Criteria		2001		2003	
Category	OCI Range	Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected
Excellent condition	100-90	10	62.4%	10	62.4%
Very good condition	90-80	3	18.8	3	18.8
Good condition	80-70	3	18.8	3	18.8
Satisfactory condition	70-60	-	-	-	-
Fair condition	60-50	-	-	-	-
Poor condition	50-40	-	-	-	-
Serious condition	40-30	-	-	-	-
Critical condition	30-20	-	-	-	-
Imminent failure condition	20-10	-	-	-	-
Failed condition	10-0	-	-	-	-
<b>Total</b>		<b>16</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>

	2001	2003
Overall condition index (OCI):		
Goal	81 or greater	81 or greater
Actual	90.6	90.6

City of West Des Moines, Iowa

Required Supplementary Information – Modified Approach  
For the Year Ended June 30, 2004

Levee Condition by Category as of the Last Assessment				
Condition Categories Based on Army Corp. Criteria	2003		2004	
	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected
OCI Range				
Acceptable	29	90.6%	29	90.6%
Minimally acceptable	3	9.4	3	9.4
Unacceptable	-	-	-	-
<b>Total</b>	<b>32</b>	<b>100.0%</b>	<b>32</b>	<b>100.0%</b>
	2001		2003	
Overall condition index (OCI):				
Goal	Acceptable		Acceptable	
Actual	Acceptable		Acceptable	

Comparison of estimated prevention/maintenance costs to actual for the street network (in thousands):

	Fiscal				
	2003	2004	2005	2006	2007
Estimated cost	\$ 1,172	\$ 1,347	\$ 1,550	\$ 2,100	\$ 2,420
Actual cost	3,349	3,052	N/A	N/A	N/A

Note: Fiscal year 2003 was the City of West Des Moines' first year of implementation for GASB Statement No. 34; therefore, historical data is not yet available. In future years, as data becomes available, we will show the three most recent condition assessments and five years of history for the prevention and maintenance costs.

City of West Des Moines, Iowa

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2004

	Special Revenue			
	Road Use Tax	Police and Fire Retirement	Employee Benefit	Economic Development
<b>Assets</b>				
Cash and pooled investments	\$ 4,015,608	\$ 18,251	\$ -	\$ -
Receivables:				
Property taxes	-	964,156	1,688,355	-
Accounts	-	-	-	-
Loans	-	-	-	285,496
Due from other governments	656,552	-	-	-
<b>Total assets</b>	<b>\$ 4,672,160</b>	<b>\$ 982,407</b>	<b>\$ 1,688,355</b>	<b>\$ 285,496</b>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities:				
Accounts payable	\$ 48,194	\$ -	\$ -	\$ 2,500
Accrued wages payable	-	-	-	-
Due to other funds	-	-	4,857	225,142
Deferred revenue	-	960,602	1,683,498	285,496
<b>Total liabilities</b>	<b>48,194</b>	<b>960,602</b>	<b>1,688,355</b>	<b>513,138</b>
Fund Balances (Deficits):				
Reserved for employee's retirement system	-	21,805	-	-
Unreserved, undesignated	4,623,966	-	-	(227,642)
<b>Total fund balances (deficits)</b>	<b>4,623,966</b>	<b>21,805</b>	<b>-</b>	<b>(227,642)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 4,672,160</b>	<b>\$ 982,407</b>	<b>\$ 1,688,355</b>	<b>\$ 285,496</b>

Housing Programs		Parks		Library		Public Safety		Total	
\$	131,699	\$	882,405	\$	151,202	\$	299,022	\$	5,498,187
	-		-		-		-		2,652,511
	681		170		-		100		951
	-		-		-		-		285,496
	-		-		-		-		656,552
\$	132,380	\$	882,575	\$	151,202	\$	299,122	\$	9,093,697
\$	7,353	\$	-	\$	9,124	\$	5,306	\$	72,477
	1,199		-		-		-		1,199
	-		-		-		-		229,999
	-		-		-		-		2,929,596
	8,552		-		9,124		5,306		3,233,271
	-		-		-		-		21,805
	123,828		882,575		142,078		293,816		5,838,621
	123,828		882,575		142,078		293,816		5,860,426
\$	132,380	\$	882,575	\$	151,202	\$	299,122	\$	9,093,697

City of West Des Moines, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2004

	Special Revenue			
	Road Use Tax	Police and Fire Retirement	Employee Benefit	Economic Development
Revenues:				
Property taxes	\$ -	\$ 893,075	\$ 1,220,215	\$ -
Other City taxes	-	21,683	29,625	-
Intergovernmental	4,281,282	-	-	-
Use of money and property	-	485	-	-
Miscellaneous	-	-	-	54,586
<b>Total revenues</b>	<b>4,281,282</b>	<b>915,243</b>	<b>1,249,840</b>	<b>54,586</b>
Expenditures:				
Current operating:				
Public safety	-	967,268	-	-
Public works	580,501	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	10,432
Debt service, principal	53,234	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>633,735</b>	<b>967,268</b>	<b>-</b>	<b>10,432</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,647,547</b>	<b>(52,025)</b>	<b>1,249,840</b>	<b>44,154</b>
Other financing sources (uses):				
Transfers in	124,853	52,509	-	50,000
Transfers out	(3,585,212)	(52,509)	(1,249,840)	-
<b>Total other financing sources (uses)</b>	<b>(3,460,359)</b>	<b>-</b>	<b>(1,249,840)</b>	<b>50,000</b>
<b>Net change in fund balances</b>	<b>187,188</b>	<b>(52,025)</b>	<b>-</b>	<b>94,154</b>
Fund balances (deficits), beginning of year	4,436,778	73,830	-	(321,796)
Fund balances (deficits), end of year	<u>\$ 4,623,966</u>	<u>\$ 21,805</u>	<u>\$ -</u>	<u>\$ (227,642)</u>

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Housing Programs		Parks		Library		Public Safety		Total
\$	-	\$	-	\$	-	\$	-	\$ 2,113,290
	-		-		-		-	51,308
	104,364		-		-		-	4,385,646
	151		7,075		893		1,015	9,619
	54,074		9,801		64,575		215,863	398,899
	158,589		16,876		65,468		216,878	6,958,762
<hr/>								
	-		-		-		44,773	1,012,041
	-		-		-		-	580,501
	131,933		-		-		-	131,933
	-		9,789		59,336		-	69,125
	33,895		-		-		-	44,327
	-		-		-		-	53,234
	-		18,462		-		54,447	72,909
	165,828		28,251		59,336		99,220	1,964,070
<hr/>								
	(7,239)		(11,375)		6,132		117,658	4,994,692
<hr/>								
	98,159		-		-		1,521	327,042
	(64,089)		-		-		(3,868)	(4,955,518)
<hr/>								
	34,070		-		-		(2,347)	(4,628,476)
<hr/>								
	26,831		(11,375)		6,132		115,311	366,216
	96,997		893,950		135,946		178,505	5,494,210
\$	123,828	\$	882,575	\$	142,078	\$	293,816	\$ 5,860,426

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City of West Des Moines, Iowa

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2004

<b>Assets</b>	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Total
Current assets:				
Cash and investments	\$ 6,289,679	\$ -	\$ 1,566,111	\$ 7,855,790
Accounts receivable	-	-	2,685	2,685
Accrued interest	24,553	-	8,386	32,939
Due from other governments	-	19,088	-	19,088
Inventories	-	33,590	-	33,590
<b>Total current assets</b>	<b>6,314,232</b>	<b>52,678</b>	<b>1,577,182</b>	<b>7,944,092</b>
Noncurrent assets, capital assets:				
Equipment and vehicles	9,270,220	-	-	9,270,220
Accumulated depreciation	(5,614,586)	-	-	(5,614,586)
<b>Total noncurrent assets</b>	<b>3,655,634</b>	<b>-</b>	<b>-</b>	<b>3,655,634</b>
<b>Total assets</b>	<b>\$ 9,969,866</b>	<b>\$ 52,678</b>	<b>\$ 1,577,182</b>	<b>\$ 11,599,726</b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Current:				
Accounts payable	\$ 34,129	\$ 46,333	\$ 35,196	\$ 115,658
Claims payable	-	-	294,283	294,283
Due to other funds	-	49,353	-	49,353
<b>Total current liabilities</b>	<b>34,129</b>	<b>95,686</b>	<b>329,479</b>	<b>459,294</b>
Net assets:				
Invested in capital assets, net of related de	3,655,634	-	-	3,655,634
Unrestricted	6,280,103	(43,008)	1,247,703	7,484,798
<b>Total net assets</b>	<b>9,935,737</b>	<b>(43,008)</b>	<b>1,247,703</b>	<b>11,140,432</b>
<b>Total liabilities and net assets</b>	<b>\$ 9,969,866</b>	<b>\$ 52,678</b>	<b>\$ 1,577,182</b>	<b>\$ 11,599,726</b>



City of West Des Moines, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2004**

	Vehicle Replacement	Vehicle Maintenance	Building Maintenance	Health and Dental Insurance	Total
Operating revenues:					
Charges for services	\$ -	\$ 571,878	\$ 24,726	\$ 2,088,720	\$ 2,685,324
Lease revenue	990,863	-	-	-	990,863
<b>Total operating revenues</b>	<b>990,863</b>	<b>571,878</b>	<b>24,726</b>	<b>2,088,720</b>	<b>3,676,187</b>
Operating expenses:					
Cost of sales and services	-	599,580	24,726	2,213,306	2,837,612
Administration	-	-	-	405,668	405,668
Depreciation	867,224	-	-	-	867,224
<b>Total operating expenses</b>	<b>867,224</b>	<b>599,580</b>	<b>24,726</b>	<b>2,618,974</b>	<b>4,110,504</b>
<b>Operating income (loss)</b>	<b>123,639</b>	<b>(27,702)</b>	<b>-</b>	<b>(530,254)</b>	<b>(434,317)</b>
Nonoperating revenues (expenses):					
Investment earnings	75,589	-	-	19,480	95,069
Gain on disposal of assets	258,585	-	-	-	258,585
<b>Total nonoperating revenues (expenses)</b>	<b>334,174</b>	<b>-</b>	<b>-</b>	<b>19,480</b>	<b>353,654</b>
<b>Income (loss) before transfers</b>	<b>457,813</b>	<b>(27,702)</b>	<b>-</b>	<b>(510,774)</b>	<b>(80,663)</b>
Transfers out	(75,589)	-	-	-	(75,589)
<b>Change in net assets</b>	<b>382,224</b>	<b>(27,702)</b>	<b>-</b>	<b>(510,774)</b>	<b>(156,252)</b>
Total net assets, beginning	9,553,513	(15,306)	-	1,758,477	11,296,684
Total net assets, ending	<u>\$ 9,935,737</u>	<u>\$ (43,008)</u>	<u>\$ -</u>	<u>\$ 1,247,703</u>	<u>\$ 11,140,432</u>

City of West Des Moines, Iowa

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2004

	Vehicle Replacement	Vehicle Maintenance	Building Maintenance	Health and Dental Insurance	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 990,863	\$ 552,790	\$ 24,726	\$ 2,086,035	\$ 3,654,414
Payments to suppliers	-	(580,215)	(55,744)	(404,820)	(1,040,779)
Payments to claimants	-	-	-	(2,173,150)	(2,173,150)
<b>Net cash provided by (used in) operating activities</b>	990,863	(27,425)	(31,018)	(491,935)	440,485
Cash Flows From Noncapital Financing Activities:					
Proceeds of interfund accounts	-	27,425	-	-	27,425
Transfers out	(75,589)	-	-	-	(75,589)
<b>Net cash provided by (used in) noncapital financing activities</b>	(75,589)	27,425	-	-	(48,164)
Cash Flows From Capital and Related Financing Activities:					
Purchase of capital assets	(904,521)	-	-	-	(904,521)
Proceeds from sale of capital assets	124,258	-	-	-	124,258
<b>Net cash (used in) capital and related financing activities</b>	(780,263)	-	-	-	(780,263)
Cash Flows From Investing Activities:					
Interest received	75,163	-	-	11,094	86,257
Proceeds from maturity of investment securities	3,275,000	-	-	-	3,275,000
<b>Net cash provided by investing activities</b>	3,350,163	-	-	11,094	3,361,257
<b>Net increase (decrease) in cash and cash equivalents</b>	3,485,174	-	(31,018)	(480,841)	2,973,315
Cash and cash equivalents:					
Beginning	1,054,505	-	31,018	2,046,952	3,132,475
Ending	<u>\$ 4,539,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,111</u>	<u>\$ 6,105,790</u>

City of West Des Moines, Iowa

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2004

	Vehicle Replacement	Vehicle Maintenance	Building Maintenance	Health and Dental Insurance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 123,639	\$ (27,702)	\$ -	\$ (530,254)	\$ (434,317)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	867,224	-	-	-	867,224
Change in assets and liabilities:					
Receivables	-	(19,088)	-	(2,685)	(21,773)
Inventories	-	(3,736)	-	-	(3,736)
Accounts payable	-	23,101	(31,018)	(253,279)	(261,196)
Claims payable	-	-	-	294,283	294,283
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 990,863</b>	<b>\$ (27,425)</b>	<b>\$ (31,018)</b>	<b>\$ (491,935)</b>	<b>\$ 440,485</b>
Reconciliation of cash and cash equivalents to specific assets on the combining balance sheet:					
Cash and investments	\$ 6,289,679	\$ -	-	\$ 1,566,111	\$ 7,855,790
Less items not meeting the definition of cash equivalents, certificates of deposit	(1,750,000)	-	-	-	(1,750,000)
Cash and cash equivalents at end of year	\$ 4,539,679	\$ -	\$ -	\$ 1,566,111	\$ 6,105,790
Schedule of noncash capital and related financing activities:					
Purchase of capital assets through like-kind exchange	\$ 259,705	\$ -	\$ -	\$ -	\$ 259,705
Purchase of capital assets through accounts payable	\$ 34,129	\$ -	\$ -	\$ -	\$ 34,129

City of West Des Moines, Iowa

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2004

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	Collections and Deposits	Section 125 Plan	Total Agency Funds
<b>Assets</b>			
Cash and investments	\$ 281,962	\$ 5,250	\$ 287,212
Restricted assets, contractors' bonds	8,360	-	8,360
<b>Total assets</b>	<u>\$ 290,322</u>	<u>\$ 5,250</u>	<u>\$ 295,572</u>
<b>Liabilities</b> , deposits and remittances due	<u>\$ 290,322</u>	<u>\$ 5,250</u>	<u>\$ 295,572</u>

City of West Des Moines, Iowa

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2004

	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
<b>Collections and Deposits</b>				
<b>Assets</b>				
Cash and investments	\$ 248,654	\$ 73,233	\$ 39,925	\$ 281,962
Restricted assets-contractors' bonds	8,459	106,022	106,121	8,360
<b>Total assets</b>	<b>\$ 257,113</b>	<b>\$ 179,255</b>	<b>\$ 146,046</b>	<b>\$ 290,322</b>
<b>Liabilities</b>				
Accounts payable	\$ 7,741	\$ -	\$ 7,741	\$ -
Deposits and remittances due	249,372	111,738	70,788	290,322
<b>Total liabilities</b>	<b>\$ 257,113</b>	<b>\$ 111,738</b>	<b>\$ 78,529</b>	<b>\$ 290,322</b>
<b>Section 125 Plan</b>				
<b>Assets</b> , cash and investments	\$ 1,114	\$ 142,551	\$ 138,415	\$ 5,250
<b>Liabilities</b> , deposits and remittances due	\$ 1,114	\$ 142,551	\$ 138,415	\$ 5,250
<b>Combined Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 249,768	\$ 215,784	\$ 178,340	\$ 287,212
Restricted assets-contractors' bonds	8,459	106,022	106,121	8,360
<b>Total assets</b>	<b>\$ 258,227</b>	<b>\$ 321,806</b>	<b>\$ 284,461</b>	<b>\$ 295,572</b>
<b>Liabilities</b>				
Accounts payable	\$ 7,741	\$ -	\$ 7,741	\$ -
Deposits and remittances due	250,486	254,289	209,203	295,572
<b>Total liabilities</b>	<b>\$ 258,227</b>	<b>\$ 254,289</b>	<b>\$ 216,944</b>	<b>\$ 295,572</b>

**Government-Wide Expenses by Function**  
 (amounts expressed in thousands)

Fiscal Year Ended June 30	Public Safety	Public Works	Health and Social Services	Culture and Recreation	Community and Economic Development	General Government
2003	\$ 12,686	\$ 20,844	\$ 755	\$ 6,926	\$ 3,401	\$ 3,781
<b>2004</b>	<b>14,588</b>	<b>13,856</b>	<b>830</b>	<b>7,141</b>	<b>2,960</b>	<b>4,683</b>

Fiscal Year Ended June 30	Interest on Long-Term Debt	Sewer	Solid Waste	Total
2003	\$ 3,962	\$ 3,305	\$ 1,183	\$ 56,843
<b>2004</b>	<b>6,284</b>	<b>4,030</b>	<b>1,318</b>	<b>55,690</b>

**Government-Wide Revenues**

(amounts expressed in thousands)

<b>Program Revenues</b>							
Fiscal Year Ended June 30	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
2003	\$ 9,092	\$ 2,453	\$ 14,321				
<b>2004</b>	<b>11,690</b>	<b>2,175</b>	<b>21,695</b>				

<b>General Revenues</b>							
Fiscal Year Ended June 30	Taxes	Unrestricted Investment Earnings	Unrestricted Grants and Contributions	Gain (loss) from Joint Venture	Miscellaneous	Total	
2003	\$ 43,513	\$ 1,523	\$ 634	\$ (522)	\$ 125	\$ 45,273	
<b>2004</b>	<b>45,052</b>	<b>1,301</b>	<b>231</b>	<b>(641)</b>	<b>757</b>	<b>46,700</b>	

**General Governmental Expenditures by Function and Transfers Out  
Last Ten Fiscal Years**

Year	Community Protection (1)	Human Development (2)	Home and Community Environment (3)	Policy and Admin. (4)	Transfers Out
1994-95	\$ 8,153,937	\$ 5,571,731	\$ 6,926,454	\$ 2,406,077	\$ 5,231,250
1995-96	7,285,909	4,130,889	9,512,643	2,450,574	5,451,654
1996-97	7,465,054	4,404,656	11,327,641	2,555,526	3,813,503
1997-98	9,175,860	4,664,592	12,161,845	2,786,290	7,558,510
1998-99	9,459,240	4,731,456	12,908,891	3,119,758	9,104,470
1999-00	10,149,805	5,361,821	9,375,536	3,345,943	8,116,035
2000-01	11,936,843	6,138,401	12,366,881	3,819,716	11,214,757
2001-02	12,763,380	6,462,220	15,346,216	4,040,018	11,671,918

## Notes:

General Fund, special revenue funds and Debt Service Fund

(1) Includes Police, Fire, Emergency Medical Services, Traffic Control &amp; Safety, and Flood Control

(2) Includes Human Services, Library, Park &amp; Recreation, and Animal Control

(3) Includes Public Works Admin, Engineering, Street Maint., Economic Development, and Building Inspection

(4) Includes Mayor &amp; Council, Administrative Services, Insurance, Legal, Planning, and Government Buildings

Year	Public Safety (5)	Public Works (6)	Health and Social Services (7)	Culture and Recreation (8)	Community and Econ. Development (9)	General Government (10)	Debt Service
2002-03	\$ 11,412,329	\$ 5,676,476	\$ 726,762	\$ 4,215,107	\$ 3,372,440	\$ 3,168,044	\$ 15,456,652
2003-04	12,720,663	6,062,234	769,984	4,642,852	2,892,764	3,715,580	18,269,306

Year	Capital Projects	Transfers Out
2002-03	\$ 45,875,946	\$ 18,468,395
2003-04	42,083,369	64,560,725

## Notes:

All funds except proprietary funds

(5) Includes Police, Fire, Emergency Medical Svcs, Flood Control, Animal Control, and Building Inspection

(6) Includes Public Works Admin., Engineering, Street Maint., and Traffic Control &amp; Safety

(7) Includes Human Services

(8) Includes Library and Park &amp; Recreation

(9) Includes Economic Development and Planning

(10) Includes Mayor &amp; Council, Administrative Services, Insurance, Legal, and Government Buildings



**General Governmental\* Revenues by Source and Transfers In  
Last Ten Fiscal Years**

Year	Taxes	Inter- governmental Revenue	Charges for Services	Fines and Miscellaneous Revenues
1994-95	\$ 17,901,541	\$ 5,018,565	\$ 687,148	\$ 285,108
1995-96	18,466,307	5,712,007	733,127	243,429
1996-97	21,684,290	5,965,446	843,885	477,845
1997-98	23,619,680	5,459,362	834,910	276,876
1998-99	25,549,612	5,208,252	1,041,493	617,023
1999-00	25,209,467	5,429,663	1,224,748	435,719
2000-01	30,475,298	6,083,123	1,320,276	549,753
2001-02	33,631,941	7,505,813	1,419,335	465,192
2002-03	38,782,554	6,795,129	1,817,837	928,922
<b>2003-04</b>	<b>40,815,026</b>	<b>6,722,746</b>	<b>2,292,260</b>	<b>1,108,440</b>

Year	Licenses and Permits	Use of Money and Property	Transfers In	Total
1994-95	\$ 646,322	\$ 865,760	\$ 2,708,915	\$ 28,113,359
1995-96	671,598	1,143,618	3,427,194	30,397,280
1996-97	650,005	1,118,378	2,686,124	33,425,973
1997-98	662,917	1,245,239	3,496,224	35,595,208
1998-99	1,061,223	1,097,358	3,379,140	37,954,101
1999-00	765,755	1,192,179	4,033,304	38,290,835
2000-01	685,869	1,229,898	4,826,662	45,170,879
2001-02	1,003,125	649,164	6,557,281	51,231,851
2002-03	700,261	696,474	10,629,464	60,350,641
<b>2003-04</b>	<b>1,072,584</b>	<b>987,885</b>	<b>17,761,206</b>	<b>70,760,147</b>

Note:

\*General Fund, special revenue funds and Debt Service Fund

**Property Tax Revenues\* by Source**  
**Last Ten Fiscal Years**

Collection Year	Total Property Taxes	General Property Tax	Incremental Tax
1993-94	\$ 16,336,567	\$ 15,471,734	\$ 864,833
1994-95	17,100,728	15,834,265	1,266,463
1995-96	17,557,839	17,130,622	427,217
1996-97	20,692,270	18,487,575	2,204,695
1997-98	22,519,974	19,490,842	3,029,132
1998-99	24,243,738	20,001,923	4,241,815
1999-00	24,206,024	22,318,844	1,887,180
2000-01	28,046,318	22,564,813	5,481,505
2001-02	31,587,526	23,019,061	8,568,465
2002-03	37,182,752	25,314,303	11,868,449
<b>2003-04</b>	<b>38,401,617</b>	<b>26,726,691</b>	<b>11,674,926</b>

Note:

\*General Fund, special revenue funds and Debt Service Fund

**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collections	Total Collections as Percent of Current Levy
1994-95	\$ 17,455,306	\$ 17,079,460	97.85%	\$ 21,268	\$ 17,100,728	97.97%
1995-96	17,655,096	17,549,617	99.40	8,222	17,557,839	99.45
1996-97	20,503,129	20,687,882	100.90	4,388	20,692,270	100.92
1997-98	22,213,855	22,512,975	101.35	6,999	22,519,974	101.38
1998-99	24,386,437	24,242,117	99.41	1,621	24,243,738	99.41
1999-00	23,875,542	24,129,161	101.06	76,863	24,206,024	101.38
2000-01	27,591,430	28,044,286	101.64	2,032	28,046,318	101.65
2001-02	31,474,669	31,587,309	100.36	217	31,587,526	100.36
2002-03	36,818,095	37,177,890	100.98	4,862	37,182,752	100.99
<b>2003-04</b>	<b>38,012,501</b>	<b>38,383,372</b>	<b>100.98</b>	<b>18,245</b>	<b>38,401,617</b>	<b>101.02</b>

**Property Tax Rates - Direct and All Overlapping Governments  
Last Ten Fiscal Years**

Payable Year	City	School District	County Consoli- dated	Area Vocational	Total
<i>Tax Rates Per \$1,000 of Assessed Valuation</i>					
<b>Polk County/West Des Moines Community School District</b>					
1995-96	10.90001	13.60037	9.67695	0.48988	34.66721
1996-97	10.90532	13.54320	9.22555	0.50661	34.18068
1997-98	10.89988	13.58058	9.12036	0.47230	34.07312
1998-99	10.90000	13.66525	9.29190	0.50551	34.36266
1999-00	10.89994	13.50526	9.28374	0.52451	34.21345
2000-01	10.90000	13.49887	9.25871	0.54506	34.20264
2001-02	10.90002	13.48681	9.63888	0.54954	34.57525
2002-03	11.60003	13.50200	9.72617	0.54584	35.37404
2003-04	11.60206	13.50422	9.76626	0.58184	35.45438
<b>2004-05</b>	<b>11.72777</b>	<b>13.50200</b>	<b>9.96860</b>	<b>0.59856</b>	<b>35.79693</b>
<b>Dallas County/Waukee Community School District</b>					
1995-96	10.90001	16.27417	7.01981	0.48988	34.68387
1996-97	10.90532	16.16289	6.79166	0.50661	34.36648
1997-98	10.89988	16.86966	6.26657	0.47230	34.50841
1998-99	10.90000	16.97163	6.69935	0.50551	35.07649
1999-00	10.84994	17.34163	6.71465	0.52451	35.43073
2000-01	10.90000	17.48175	7.21446	0.54506	36.14127
2001-02	10.90002	17.46339	7.59039	0.54954	36.50334
2002-03	11.60003	17.64948	7.51800	0.54584	37.31335
2003-04	11.60206	17.66440	7.48340	0.58184	37.33170
<b>2004-05</b>	<b>11.72777</b>	<b>17.89346</b>	<b>7.33872</b>	<b>0.59856</b>	<b>37.55851</b>

Source: Polk and Dallas County Auditor's Offices.

**Assessed and Taxable Value of Property  
Last Ten Fiscal Years**

Assessment January 1	Collection Year Ended June 30	Assessed Value of Property	Taxable Value of Property
1994	1996	\$ 1,959,933,135	\$ 1,565,640,538
1995	1997	2,295,490,764	1,653,277,596
1996	1998	2,426,099,168	1,753,093,206
1997	1999	2,684,090,384	1,802,240,559
1998	2000	2,786,437,613	2,007,856,268
1999	2001	3,077,618,439	2,074,871,554
2000	2002	3,236,249,422	2,108,114,198
2001	2003	3,644,083,364	2,159,465,868
2002	2004	3,783,538,543	2,282,516,128
<b>2003</b>	<b>2005</b>	<b>3,798,673,414</b>	<b>2,517,469,748</b>

Note:

Property is reassessed in the odd number years to make adjustments to all property values

Source:

Polk and Dallas County Assessor's Offices

**Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years**

Levy Year	Population*	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994-95	39,562	\$ 1,959,933,135	\$ 30,810,000	\$ 259,807	\$ 30,550,193	0.0156 to 1	\$ 772
1995-96	39,562	2,295,490,764	35,010,000	307,770	34,702,230	0.0151 to 1	877
1996-97	39,562	2,426,099,168	32,060,000	829,448	31,231,552	0.0129 to 1	789
1997-98	39,562	2,684,090,384	31,650,000	637,547	31,012,453	0.0116 to 1	784
1998-99	39,562	2,786,437,613	31,130,000	259,958	30,870,042	0.0111 to 1	780
1999-00	39,562	3,077,618,439	34,810,000	1,447,938	33,362,062	0.0108 to 1	843
2000-01	46,403	3,236,249,422	44,320,000	2,613,846	41,706,154	0.0129 to 1	899
2001-02	46,403	3,644,083,364	65,033,814	3,913,946	61,119,868	0.0168 to 1	1,317
2002-03	46,403	3,783,538,543	117,419,257	4,719,389	112,699,868	0.0298 to 1	2,429
2003-04	46,403	3,798,673,414	148,863,512	6,803,146	142,060,366	0.0374 to 1	3,061

Source:

\*U.S. Census Bureau

**Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures\***  
**Last Ten Fiscal Years**

Year	Principal	Total Debt Interest	Total Debt Service	Ratio of Debt Service to General Expenditures	Total General Governmental Expenditures
1994-95	2,098,780	\$ 1,249,895	\$ 3,348,675	14.52	\$ 23,058,199
1995-96	2,554,981	1,275,273	3,830,254	16.38	23,380,015
1996-97	2,807,576	1,641,799	4,449,375	17.28	25,752,877
1997-98	3,270,810	1,460,040	4,730,850	16.43	28,788,587
1998-99	3,409,412	1,611,003	5,020,415	16.61	30,219,345
1999-00	3,190,000	1,473,127	4,663,127	16.52	28,233,105
2000-01	5,731,010	2,169,498	7,900,508	23.06	34,261,841
2001-02	6,845,000	1,416,435	8,261,435	21.40	38,611,834
2002-03	4,592,500	2,693,019	7,285,519	16.55	44,027,810
<b>2003-04</b>	<b>11,449,447</b>	<b>6,124,174</b>	<b>17,573,621</b>	<b>35.66</b>	<b>49,284,125</b>

Note:

\*General Fund, special revenue funds and Debt Service Fund

**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2004**

Name of Governmental Unit	Total Bonded Debt Outstanding	Percent Applicable to City of West Des Moines	Amount Applicable to City of West Des Moines
Direct, City of West Des Moines	\$ 148,863,512	100.00%	\$ 148,863,512
Overlapping:			
Des Moines Ind. CSD	7,380,000	0.02	1,476
West Des Moines CSD	45,095,000	65.74	29,645,453
Waukee CSD	46,935,000	47.30	22,200,255
Polk County	190,658,000	15.61	29,761,714
Dallas County	9,790,000	23.57	2,307,503
Area XI DMACC	48,900,000	1.71	836,190
<b>Subtotal overlapping debt</b>	<u>348,758,000</u>		<u>84,752,591</u>
<b>Total direct and overlapping debt</b>	<u>\$ 497,621,512</u>		<u>\$ 233,616,103</u>



**Revenue Bond/Notes Coverage  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Sewer Revenue Bonds						Ratio Coverage
	Revenue	Expenses	Net Revenue Available for Debt Service	Annual Debt Service			
				Principal	Interest	Total	
1995	\$ 4,462,787	\$ 1,677,212	\$ 2,785,575	\$ 260,000	\$ 223,153	\$ 483,153	5.765
1996	5,068,160	2,352,626	2,715,534	342,000	316,056	658,056	4.127
1997	4,216,632	2,216,258	2,000,374	354,000	333,046	687,046	2.912
1998	4,533,864	2,283,749	2,250,115	430,000	384,002	814,002	2.764
1999	5,383,921	2,113,927	3,269,994	443,000	374,944	817,944	3.998
2000	5,086,803	1,922,406	3,164,397	463,000	355,446	818,446	3.866
2001	4,842,550	2,171,830	2,670,720	483,000	334,750	817,750	3.266
2002	5,151,442	2,762,008	2,389,434	504,000	312,596	816,596	2.926
2003	5,169,122	2,829,483	2,339,639	532,000	254,468	786,468	2.975
2004	5,575,443	2,959,467	2,615,976	571,000	222,481	793,481	3.297

## Demographic Statistics

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Year	West Des Moines Population	% Change	Polk County	% Change	State of Iowa	% Change
1960	11,949	112.80%	225,880	0.43%	2,737,537	4.44%
1970	16,441	37.59	286,130	26.67	2,824,376	3.17
1980	21,894	33.17	303,170	5.95	2,914,017	3.17
1985	23,456	7.13	-	-	-	-
1990	31,702	35.15	328,140	8.24	2,776,755	(4.71)
1995	39,562	24.79	-	-	-	-
<b>2000</b>	<b>46,403</b>	<b>17.29</b>	<b>374,601</b>	<b>14.16</b>	<b>2,926,324</b>	<b>5.39</b>

Source:

U.S. Census Bureau, 1985 Special Census, 1995 Special Census.

**Property Value, Construction and Bank Deposits  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Commercial		Residential		Tax-exempt	
	Permits	Value	Permits	Value	Permits	Value
1995	180	\$ 33,193,063	548	\$ 80,861,631	8	\$ 5,136,425
1996	171	24,064,022	641	85,820,768	4	287,492
1997	191	50,874,748	584	61,343,237	7	18,766,295
1998	182	35,787,650	710	90,789,979	4	1,446,000
1999	207	100,332,700	855	106,891,398	6	4,033,125
2000	165	24,612,583	851	100,477,927	13	12,632,910
2001	142	50,960,503	652	62,868,526	9	9,154,925
2002	129	30,581,359	790	162,099,833	13	26,120,833
2003	157	63,865,560	601	63,800,810	6	6,904,960
2004	284	159,070,132	647	82,277,072	9	19,238,280

Fiscal Year Ended June 30	Miscellaneous		Total	
	Permits	Value	Permits	Value
1995	341	\$ 635,242	1,077	\$ 119,826,361
1996	390	858,367	1,206	111,030,649
1997	387	1,261,027	1,169	132,245,307
1998	421	1,831,533	1,317	129,855,162
1999	458	3,156,767	1,526	214,413,990
2000	422	1,897,704	1,451	139,621,124
2001	368	1,055,917	1,171	124,039,871
2002	440	1,306,278	1,372	220,108,303
2003	421	1,330,114	1,185	135,901,444
2004	501	6,480,485	1,441	267,065,969

Source:

City Building Inspection Department Records.

**Property Value, Construction and Bank Deposits  
Last Ten Fiscal Years**

Levy Year	Bank Deposits (1)	Property Value (2)		
		Commercial	Residential	Other
1994-95	\$ 426,060,000	\$ 672,992,660	\$ 1,059,800,592	\$ 51,869,127
1995-96	450,204,000	765,501,044	1,260,887,268	46,106,622
1996-97	485,998,000	869,243,997	1,318,810,480	42,845,516
1997-98	557,347,000	915,181,468	1,470,699,894	43,475,405
1998-99	671,896,000	1,004,575,362	1,601,637,125	46,697,100
1999-00	754,360,000	1,075,555,122	1,685,555,834	32,221,272
2000-01	779,406,000	1,080,090,851	1,767,314,030	39,459,988
2001-02	814,485,000	1,165,307,170	1,934,796,130	37,317,891
2002-03	840,191,000	1,251,082,058	1,983,238,137	35,352,397
<b>2003-04</b>	<b>865,897,000</b>	<b>1,400,238,201</b>	<b>2,315,440,320</b>	<b>33,502,845</b>

Source:

(1) Iowa Bank Directory.

(2) Polk and Dallas County Auditor's Offices.

## Top Ten Taxpayers

Taxpayer	Type of Business	January 1, 2003 Assessed Valuation*	Percentage of Total Assessed Valuation
Valley West Mall	Commercial Shopping Center	\$ 106,992,820	2.82%
Wells Fargo Home Mortgage	Mortgage Banking	63,277,137	1.67
Mid-America Investment Company	Commercial Property	51,618,600	1.36
Dallas County Partners	Office Buildings	41,430,266	1.09
IFBF Property Management	Office Buildings	40,174,390	1.06
Knapp Family, L.C.	Office Buildings	30,205,740	0.80
Dallas County Partners II	Office Buildings	26,611,972	0.70
HyVee Food Stores	Grocery Stores	20,755,630	0.55
CMS Wellington Apts.	Apartment Buildings	20,600,800	0.54
West Lakes Development Co.	Commercial Property	19,328,025	0.51
		<u>\$ 420,995,380</u>	

\* Source: Polk and Dallas County Assessor's Offices.

Percent of total assessed value calculated based on assessed value in Table VI (assessed and estimated) total of all taxpayers assessed values.

**Miscellaneous Statistical Data**  
**June 30, 2004**


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## Government Data:

Date of Incorporation	1893
Form of Government	Mayor – Council

Last General Election	2002
Registered Voters	30,722
Number of Votes Cast	13,139
Percent of Registered Voting	43%

## City Employees:

Civil Service	246
Noncivil Service	50

## Geographic Data:

Area (square miles)	37.32
Population/square mile	1,243

## Miles of streets:

Paved	545
Unpaved	36

## Miles of sewers:

Storm	110
Sanitary	196.5

## Service Data:

## Public Education facilities:

Elementary	11
Middle School	2
Ninth Grade School	1
High School	1

## Fire and Rescue Protection:

Number of stations	4
Number of employees:	
Firefighters	35
Paid on-call	52
Office staff	1

## Police Protection:

Number of stations	1
Number of employees:	
Officers	62
Dispatchers	19
Office staff	14

(Continued)

**Miscellaneous Statistical Data (Continued)**  
**June 30, 2004**


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Emergency Medical Services, number of ambulances	4
Number of employees:	
Paramedics	11
Part-time EMT/Paramedics	34
Office staff	2
Leisure Services:	
Parks	33
Number of park acres	1,222
Number of picnic shelters	21
Number of dog parks	1
Number of playgrounds	18
Number of outdoor aquatic centers	2
Number of wading/spray pools	2
Number of tennis courts	10
Number of softball/baseball fields	24
Number of soccer fields	21
Number of horseshoe courts	18
Number of sand volleyball courts	5
Number of basketball courts	9
Miles of trails	34.8
Libraries:	
Number of volumes	149,579
Annual circulation	612,398
Cemeteries:	
Number of facilities	1
Number of acres	8.66

**Insurance in Force**  
**June 30, 2004**

Insurance Company	Policy Number	Coverage	Amount of Coverage
Iowa Communities Assurance Pool	IP015981413000064	Municipal General Liability: "Bodily Injury, Personal Injury, Property Damage, and Advertising Injury" (Each Occurrence, Deductible \$10,000)	\$ 8,000,000
		Municipal Automobile Liability Coverage: "Bodily Injury and Property Damage" (Each Accident, \$1,000 Deductible)	8,000,000
		Public Officials Liability Coverage (Each Claim and Aggregate, \$5,000 Deductible)	8,000,000
		Law Enforcement Officers Liability (\$5,000 Deductible)	8,000,000
Greenwich Insurance Company.	500058953	Employer's Liability, Coverage "B"	Statutory
Travelers Casualty and Surety	020BY103178032BCM	Employees Dishonesty Coverage (\$5,000 Deductible)	1,000,000
		Computer Fraud (\$5,000 Deductible)	1,000,000
Iowa Communities Assurance Pool	IP026981413000064	Commercial Property Coverage Blanket Real and Personal Property (Replacement Cost, Agreed Amount) (\$ 10,000 Deductible)	82,933,100
		Sublimits:	
		Municipal Automobile Physical Damage Coverage: "Comprehensive and Collision Coverage" (Coverage amt. varies per vehicle, \$1,000 Deductible)	7,857,301
		Buildings & Contents (10,000 Deductible)	64,243,796
		Book Collection ( \$10,000 Deductible)	67,500
		Fine Arts ( \$10,000 Deductible)	75,000
		Personal Property (\$10,000 Deductible)	12,449,300
		EDP Hardware (\$10,000 Deductible)	3,845,000
		Valuable Papers and Records, Various Locations (\$ 10,000 Deductible)	200,000
		Radio/Television Antennas (\$250 Deductible)	20,000
		Miscellaneous, Scheduled and Unscheduled (\$10,000 Deductible)	2,032,504

Policies are renewed annually



**Salary and Surety Bond of Principal Officials**  
**June 30, 2004**

Officials	Title	Annual Salary	Amount of Surety Bond
Elected Officials:			
Eugene T. Meyer	Mayor	\$ 10,000	\$ 1,000,000
Robert L. Parks	Council Member	9,000	1,000,000
Loretta J. Sieman	Council Member	9,000	1,000,000
Ted Ohmart	Council Member	9,000	1,000,000
Brad Olson	Council Member	9,000	1,000,000
Steven K. Gaer	Council Member	9,000	1,000,000
Council Appointed Officials:			
Jeffrey A. Pomeranz	City Manager	144,057	1,000,000
Jody E. Smith	City Clerk	103,522	1,000,000
Richard J. Scieszinski	City Attorney	98,000	1,000,000
Manager Appointed Officials:			
Ray Seidelman	Assistant to the City Manager	58,107	1,000,000
Larry Read	Director of Public Works	104,492	1,000,000
Jack O'Donnell	Police Chief	103,522	1,000,000
Jody E. Smith	Director of Administrative Services	103,522	1,000,000
Clyde E. Evans	Director of Community Development	99,064	1,000,000
Don L. Cox	Fire Chief	104,492	1,000,000
Jeff Dumermuth	EMS Director	82,212	1,000,000
Diana Borash	Westcom Dispatch Center Director	83,427	1,000,000
Gary D. Scott	Parks/Recreation Director	93,418	1,000,000
Susan Paterson-Nielsen	Human Services Director	75,284	1,000,000
Jane Pauba Dodge	Human Resources Manager	92,450	1,000,000
Darrel Greifzu	Information Services Director	94,696	1,000,000

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council  
City of West Des Moines  
West Des Moines, Iowa

We have audited the governmental activities, business-type activities, each major fund and the aggregate remaining fund information as of and for the year ended June 30, 2004, which collectively comprise the City of West Des Moines, Iowa's basic financial statements and have issued our report thereon dated October 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of West Des Moines, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of West Des Moines, Iowa in a separate letter dated October 28, 2004.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of West Des Moines, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of those statutes.

This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
October 28, 2004

**Schedule of Required Statutory Reporting**  
**Year Ended June 30, 2004**

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**Other Findings Related to Required Statutory Reporting**

- 04-IV-A Official Depositories - A resolution naming official depositories has been adopted by City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- 04-IV-B Certified Budget - Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.
- 04-IV-C Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 04-IV-D Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 04-IV-E Business Transactions - In accordance with Chapter 362.5(10) of the Code of Iowa, transactions with City employees and City officials do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.
- 04-IV-F Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- 04-IV-G Council Minutes - We noted no transactions requiring council approval which had not been approved in the Council minutes.

Finding: Although minutes of Council meetings were published, they were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation: The City should comply with Chapter 21 of the Code of Iowa and should publish minutes as required.

Response and Corrective Action Plan: The City publishes the minutes as soon as possible after the Council meetings. The 15-day requirement is not met due to the timing of meeting dates and publication dates.

Conclusion: Response accepted.

- 04-IV-H Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 04-IV-I Revenue Notes - The City has complied with the revenue bond provisions.
- 04-IV-J Payment of General Obligation Bonds - The City appears to be in compliance with Chapter 384.4 of the Code of Iowa.
- 04-IV-K Economic Development - We noted no instance of noncompliance with Chapter 15A of the Code of Iowa.
- 04-IV-L Notice of Public Hearing for Public Improvements - We noted no instance of noncompliance with Chapters 384.102 and 362.3 of the Code of Iowa.
- 04-IV-M Sales Tax - We noted no instance of noncompliance with Sections 701-26.71 and 701-26.72 of the Iowa Department of Revenue and Finance Administrative Rules and Regulations.
- 04-IV-N Financial Condition - Finding: The Economic Development Special Revenue Fund and the Vehicle Maintenance Internal Service Fund had deficit fund balances of \$227,642 and \$43,008, respectively, as of June 30, 2004.

Recommendation: The City should investigate alternatives to eliminate the deficits in order to return these accounts to a sound financial position.

Response and Corrective Action Plan: The City will fund the deficits through future transfers from the General Fund.

Conclusion: Response accepted.